

Senate File 370

SENATE FILE _____
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SF 38)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the regulation of credit unions by revising
2 and reorganizing the Iowa credit union Act, making conforming
3 changes, and providing for taxes, fees, and penalties.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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1 1 DIVISION I
1 2 Section 1. NEW SECTION. 533.101 TITLE.
1 3 This chapter shall be known as the "Iowa Credit Union Act".
1 4 Sec. 2. NEW SECTION. 533.102 DEFINITIONS.
1 5 As used in this chapter, unless the context otherwise
1 6 requires:
1 7 1. "Account insurance plan" means an arrangement providing
1 8 account and share insurance which is of a type authorized
1 9 under section 533.307.
1 10 2. "Common bond" means the shared characteristic of
1 11 members of a credit union.
1 12 3. "Credit union" means a cooperative, nonprofit
1 13 association, organized or incorporated in accordance with the
1 14 provisions of this chapter or under the laws of another state
1 15 or the Federal Credit Union Act, 12 U.S.C. } 1751, et seq.,
1 16 for the purposes of creating a source of credit at a fair and
1 17 reasonable rate of interest, of encouraging habits of thrift
1 18 among its members, and of providing an opportunity for its
1 19 members to use and control their own money on a democratic
1 20 basis in order to improve their economic and social condition.
1 21 A credit union is also a supervised financial organization
1 22 as that term is defined and used in chapter 537, the Iowa
1 23 consumer credit code.
1 24 4. "Credit union service organization" means a corporation
1 25 or limited partnership organized under state law to provide
1 26 financial and financial-related services for one or more
1 27 credit unions, each of which owns part of the capital stock of
1 28 the credit union service organization, as authorized under
1 29 section 533.301, subsection 5, paragraph "f", and which
1 30 corporation or limited partnership is subject to examination
1 31 by the credit union division of the Iowa department of
1 32 commerce or a federal supervisory agency.
1 33 5. "Ownership share" means a share of a credit union
1 34 acquired by a member at the time membership is initiated.
1 35 6. "Review board" means the credit union review board.
2 1 7. "State credit union" means a credit union organized
2 2 pursuant to section 533.201.
2 3 8. "Superintendent" means the superintendent of credit
2 4 unions appointed pursuant to section 533.104.
2 5 Sec. 3. NEW SECTION. 533.103 CREDIT UNION DIVISION
2 6 CREATED.
2 7 A credit union division of the department of commerce is
2 8 created to administer this chapter.
2 9 Sec. 4. NEW SECTION. 533.104 SUPERINTENDENT.
2 10 1. A superintendent of credit unions shall be appointed by
2 11 the governor, subject to confirmation by the senate, to
2 12 regulate credit unions.
2 13 a. The appointee shall be selected solely with regard to
2 14 qualification and fitness to discharge the duties of office.
2 15 b. The individual appointed shall have at least five
2 16 years' experience as a director or executive officer of a
2 17 credit union, or comparable experience in the regulation or

2 18 examination of credit unions. For purposes of this paragraph,
2 19 credit union membership does not qualify as credit union
2 20 experience.

2 21 2. The superintendent shall have an office at the seat of
2 22 government. The superintendent's term of office shall be four
2 23 years beginning and ending as provided by section 69.19. The
2 24 governor may remove the superintendent for malfeasance in
2 25 office, or for any cause that renders the superintendent
2 26 ineligible, incapable, or unfit to discharge the duties of the
2 27 office.

2 28 3. The superintendent shall receive a salary set by the
2 29 governor within a range established by the general assembly.

2 30 4. A vacancy in the office of superintendent shall be
2 31 filled for the unexpired portion of the regular term.

2 32 5. The superintendent may adopt rules as necessary or
2 33 appropriate to administer this chapter, subject to the prior
2 34 approval of the rules by the review board.

2 35 Sec. 5. NEW SECTION. 533.105 DEPUTY SUPERINTENDENT.

3 1 1. The superintendent may appoint an employee of the
3 2 credit union division as deputy superintendent to perform the
3 3 duties of the superintendent during the superintendent's
3 4 absence or inability to act.

3 5 2. The deputy superintendent shall serve at the pleasure
3 6 of the superintendent. If the office of the superintendent
3 7 becomes vacant, the deputy superintendent shall have all
3 8 powers and duties of the superintendent until a new
3 9 superintendent is appointed by the governor in accordance with
3 10 this chapter.

3 11 3. The deputy superintendent shall receive a salary to be
3 12 fixed by the superintendent.

3 13 Sec. 6. NEW SECTION. 533.106 EMPLOYEES.

3 14 1. a. The superintendent may appoint assistants,
3 15 examiners, and other employees as the superintendent considers
3 16 necessary to the proper discharge of duties imposed upon the
3 17 superintendent by the laws of this state.

3 18 b. Pay plans shall be established for the credit union
3 19 division employees, other than clerical employees, who
3 20 supervise and examine the accounts and affairs of credit
3 21 unions and other persons, subject to supervision and
3 22 regulation by the superintendent, that are substantially
3 23 equivalent to those paid by the national credit union
3 24 administration and other federal supervisory agencies in this
3 25 area of the United States.

3 26 2. a. A state credit union, or its officers, directors,
3 27 or employees, shall not directly or indirectly make a loan of
3 28 money or property to the superintendent.

3 29 b. The superintendent shall not directly or indirectly
3 30 accept a loan of money or property from a state credit union,
3 31 or its officers, directors, or employees.

3 32 3. a. An employee of the credit union division, other
3 33 than the superintendent, may borrow money from a state credit
3 34 union only on comparable terms and conditions to those
3 35 ordinarily extended to all members of the credit union. The
4 1 employee shall notify the superintendent of the acceptance of
4 2 a loan from a state credit union.

4 3 b. The superintendent may restrict borrowing by employees
4 4 from state credit unions if the superintendent determines such
4 5 borrowing will interfere with the functions of the credit
4 6 union division.

4 7 c. An employee shall not participate in the examination of
4 8 a credit union where the employee has a loan.

4 9 4. The superintendent or an employee of the credit union
4 10 division, other than a member of the review board, shall not
4 11 perform any services for or be an officer, director, or
4 12 employee of a state credit union or any other entity
4 13 supervised or regulated by the credit union division.

4 14 5. A person who violates this section shall be permanently
4 15 disqualified from acting as an officer, director, or employee
4 16 of a state credit union and permanently disqualified from
4 17 acting as superintendent or an employee of the credit union
4 18 division.

4 19 6. The superintendent or an employee of the credit union
4 20 division who is convicted of theft, burglary, robbery,
4 21 larceny, embezzlement, or other crime involving breach of
4 22 trust shall be forever disqualified from holding any position
4 23 in the credit union division.

4 24 Sec. 7. NEW SECTION. 533.107 CREDIT UNION REVIEW BOARD.

4 25 1. A credit union review board is created. The review
4 26 board shall consist of seven members, five of whom shall have
4 27 been members in good standing for at least the previous five
4 28 years of either an Iowa state chartered credit union, or a

4 29 credit union chartered under the Federal Credit Union Act and
4 30 having its principal place of business in Iowa. Two of the
4 31 members may be public members; however, at no time shall more
4 32 than five of the members be directors or employees of a credit
4 33 union. The members shall serve for three-year staggered terms
4 34 beginning and ending as provided by section 69.19.

4 35 2. The members of the review board shall be appointed by
5 1 the governor subject to confirmation by the senate. The
5 2 governor may appoint the members of the review board from a
5 3 list of nominees submitted to the governor by the credit
5 4 unions located in this state.

5 5 3. The review board shall meet at least four times each
5 6 year and shall hold special meetings at the call of the
5 7 chairperson. Four members constitute a quorum.

5 8 4. Each member of the review board shall receive actual
5 9 and necessary expenses incurred in the discharge of official
5 10 duties. Each member of the review board may also be eligible
5 11 to receive compensation as provided in section 7E.6.

5 12 5. A member of the review board shall not take part in any
5 13 action or participate in any decision when the matter under
5 14 consideration specifically relates to a credit union of which
5 15 the review board member is a member.

5 16 6. The review board may adopt rules pursuant to chapter
5 17 17A or take other action as it deems necessary or suitable, to
5 18 administer this chapter.

5 19 Sec. 8. NEW SECTION. 533.108 RECORDS OF CREDIT UNION
5 20 DIVISION.

5 21 1. a. Records of the credit union division are public
5 22 records subject to the provisions of chapter 22, except as
5 23 otherwise provided in this chapter.

5 24 b. Papers, documents, writings, reports, reports of
5 25 examinations and other information relating specifically to
5 26 the supervision and regulation of a specific state credit
5 27 union or of other persons by the superintendent pursuant to
5 28 the laws of this state are not public records and shall not be
5 29 open for examination or copying by the public or for
5 30 examination or publication by the news media. The
5 31 superintendent or an employee of the credit union division
5 32 shall not disclose such information in any manner to any
5 33 person other than the person examined, except as otherwise
5 34 authorized by this section.

5 35 2. a. The superintendent or an employee of the credit
6 1 union division shall not be subpoenaed in any cause or
6 2 proceeding to give testimony concerning papers, documents,
6 3 writings, reports, reports of examinations, or other
6 4 information relating to the supervision and regulation of a
6 5 specific state credit union or persons by the superintendent
6 6 pursuant to the laws of this state.

6 7 b. The papers, documents, writings, reports, reports of
6 8 examinations, and other information of the credit union
6 9 division that relate to the supervision and regulation of a
6 10 specific state credit union or persons shall not be offered in
6 11 evidence in a court or be subject to subpoena by a party,
6 12 except when relevant in the following matters:

6 13 (1) In actions or proceedings brought by the
6 14 superintendent.

6 15 (2) In matters in which an interested and proper party
6 16 seeks review of a decision of the superintendent.

6 17 (3) In actions or proceedings that arise out of the
6 18 criminal provisions of the laws of this state or of the United
6 19 States.

6 20 (4) In actions brought as shareholder derivative suits
6 21 against a credit union by a member who has acquired an
6 22 ownership share.

6 23 (5) In actions brought to recover moneys or to recover
6 24 upon an indemnity bond for embezzlement, misappropriation, or
6 25 misuse of credit union funds.

6 26 3. a. Information, records, and documents utilized for
6 27 the purpose of, or in the course of, investigation,
6 28 regulation, or examination of a specific credit union,
6 29 received by the credit union division from some other
6 30 governmental entity that treats such information, records, and
6 31 documents as confidential, are confidential and shall not be
6 32 disclosed by the division and are not subject to subpoena.

6 33 b. Information, records, and documents under paragraph "a"
6 34 do not constitute a public record subject to examination and
6 35 copying under chapter 22.

7 1 c. The superintendent may exchange with governmental
7 2 regulatory officials confidential information, records, and
7 3 documents that are not a public record subject to examination
7 4 and copying under chapter 22 provided that the other officials

7 5 are subject to, or agree to comply with, standards of
7 6 confidentiality comparable to those contained in this section.

7 7 Sec. 9. NEW SECTION. 533.109 INSURANCE AND SURETY BOND.

7 8 1. The superintendent shall acquire good and sufficient
7 9 bond in a company authorized to do business in this state in
7 10 order to ensure both of the following:

7 11 a. The faithful performance of the deputy superintendent,
7 12 assistants, examiners, and all other employees of the credit
7 13 union division.

7 14 b. Protection from any liability that may accrue in case
7 15 of the loss of property of a state credit union, or of a
7 16 member of a state credit union or of any other person, in the
7 17 course of an examination, investigation, or other function
7 18 required or allowed by the laws of this state.

7 19 2. The superintendent shall be bonded in accordance with
7 20 chapter 64, provided that such bond shall be in the amount of
7 21 one hundred thousand dollars.

7 22 Sec. 10. NEW SECTION. 533.110 REIMBURSEMENT OF EXPENSES.

7 23 1. The superintendent, deputy superintendent, assistants,
7 24 examiners, and other employees of the credit union division
7 25 are entitled to receive reimbursement for expenses incurred in
7 26 the performance of their duties.

7 27 2. The superintendent, and when specifically authorized by
7 28 the superintendent, the deputy superintendent, assistants,
7 29 examiners, and other employees of the division, are entitled
7 30 to receive reimbursement for expenses incurred while attending
7 31 conventions, meetings, conferences, schools, or seminars
7 32 relating to the performance of their duties.

7 33 Sec. 11. NEW SECTION. 533.111 EXPENSES OF THE CREDIT
7 34 UNION DIVISION.

7 35 1. a. All expenses required in the discharge of the
8 1 duties and responsibilities imposed upon the credit union
8 2 division, the superintendent, and the review board by the laws
8 3 of this state shall be paid from fees provided by the laws of
8 4 this state and appropriated by the general assembly from the
8 5 general fund of the state.

8 6 b. All fees imposed under this chapter are payable to the
8 7 superintendent, who shall pay all fees and other moneys
8 8 received to the treasurer of state within the time required by
8 9 section 12.10. The treasurer of state shall deposit such
8 10 funds in the general fund of the state.

8 11 2. The superintendent shall account for receipts and
8 12 disbursements according to the separate duties imposed upon
8 13 the superintendent by the laws of this state, and each
8 14 separate duty shall be fiscally self-sustaining.

8 15 3. The credit union division may expend additional funds,
8 16 including funds for additional personnel, if the additional
8 17 expenditures are actual expenses that exceed the funds
8 18 budgeted for credit union examinations and directly result
8 19 from examinations of state credit unions.

8 20 a. The amounts necessary to fund the excess examination
8 21 expenses shall be collected from state credit unions being
8 22 regulated, and the collections shall be treated as repayment
8 23 receipts as defined in section 8.2.

8 24 b. The division shall notify in writing the legislative
8 25 services agency and the department of management when hiring
8 26 additional personnel. The written notification shall include
8 27 documentation that any additional expenditure related to such
8 28 hiring will be totally reimbursed to the general fund of the
8 29 state, and shall also include the division's justification for
8 30 hiring such personnel. The division must obtain the approval
8 31 of the department of management only if the number of full-
8 32 additional personnel to be hired exceeds the number of full-
8 33 time equivalent positions authorized by the general assembly.

8 34 4. a. All fees and other moneys collected shall be
8 35 deposited into the general fund of the state and expenses
9 1 required to be paid under this section shall be paid from
9 2 funds appropriated for those purposes. Moneys deposited into
9 3 the general fund of the state pursuant to this section shall
9 4 be subject to the requirements of section 8.60.

9 5 b. Funds appropriated to the credit union division shall
9 6 be subject at all times to the warrant of the director of
9 7 revenue, drawn upon written requisition of the superintendent
9 8 or a designated representative, for the payment of all
9 9 salaries and other expenses necessary to carry out the duties
9 10 of the credit union division.

9 11 5. The credit union division may accept reimbursement of
9 12 expenses related to the examination of a state credit union
9 13 from the national credit union administration or any other
9 14 guarantor or insurance plan authorized by this chapter. These
9 15 reimbursements shall be deposited into the general fund of the

9 16 state.
9 17 Sec. 12. NEW SECTION. 533.112 ANNUAL FEES == EXAMINATION
9 18 FEES == DELINQUENCIES.
9 19 1. Each state credit union shall pay an annual fee as
9 20 determined by the superintendent based on the actual cost of
9 21 operating the credit union division. The superintendent shall
9 22 consider recommendations from the review board and from state
9 23 credit unions in determining the amount of the annual fee.
9 24 2. Each state credit union, corporation, credit union
9 25 service organization, or other person subject to an
9 26 examination pursuant to section 533.113 shall pay an
9 27 examination fee. The superintendent shall establish by rule
9 28 an examination fee schedule.
9 29 3. a. Failure of a state credit union, corporation,
9 30 credit union service organization, or other person to pay a
9 31 fee pursuant to subsection 1 or 2 shall result in the fee
9 32 being considered delinquent and a penalty equal to five
9 33 percent of the original fee may be assessed for each day or
9 34 part of a day the payment remains delinquent.
9 35 b. A fee delinquency under this subsection by a
10 1 corporation, credit union service organization, or other
10 2 person may result in the superintendent collecting the
10 3 delinquent fee and penalty from the state credit union owning
10 4 shares or investments or having business transactions or a
10 5 relationship with such corporation, credit union service
10 6 organization, or other person.
10 7 c. A fee delinquency under this subsection may also
10 8 constitute grounds for revocation of the certificate of
10 9 approval of the credit union to operate in this state.
10 10 Sec. 13. NEW SECTION. 533.113 EXAMINATIONS.
10 11 1. The superintendent may do any or all of the following:
10 12 a. Make or cause to be made an examination of a credit
10 13 union whenever the superintendent believes such examination is
10 14 necessary or advisable, but in no event less frequently than
10 15 once during each twenty-four-month period.
10 16 b. Make or cause to be made such limited examinations at
10 17 such times and with such frequency as the superintendent deems
10 18 necessary and advisable to determine the condition of any
10 19 state credit union and whether any person has violated the
10 20 provisions of this chapter.
10 21 c. Make or cause to be made an examination of any
10 22 corporation or credit union service organization in which a
10 23 state credit union owns shares or has made an investment.
10 24 d. Make or cause to be made an examination of any person
10 25 having business transactions or a relationship with any state
10 26 credit union, upon application to and order of the district
10 27 court of Polk county, when such examination is deemed
10 28 necessary and advisable in order to determine whether the
10 29 capital of the state credit union is impaired or whether the
10 30 safety of its deposits is imperiled.
10 31 e. Accept, in lieu of the examination of a state credit
10 32 union, or any corporation or credit union service organization
10 33 in which a state credit union owns shares or has made an
10 34 investment, or of any person having business transactions or a
10 35 relationship with any state credit union, an examination
11 1 report prepared by a federal regulatory authority.
11 2 f. Accept, in lieu of the examination of a state credit
11 3 union, an audit report conducted by a certified public
11 4 accounting firm selected from a list of firms previously
11 5 approved by the superintendent. The cost of the audit shall
11 6 be paid by the state credit union.
11 7 g. Accept, in lieu of the examination of an out-of-state
11 8 credit union which also conducts business in this state, an
11 9 examination report prepared by a state or federal regulatory
11 10 authority.
11 11 h. Retain, at the examinee's expense, accountants,
11 12 investigators, and other experts as reasonably necessary to
11 13 assist in the conduct of the examination. Any person so
11 14 retained shall serve in a purely advisory capacity at the
11 15 direction of the superintendent.
11 16 2. A state credit union and all of its officers and agents
11 17 shall give to the representatives of the superintendent free
11 18 and unimpeded access to all books, papers, securities,
11 19 records, and other sources of information under their control.
11 20 3. a. A report of examination shall be forwarded to the
11 21 chairperson of a state credit union within thirty days after
11 22 the completion of the examination. Within thirty days of the
11 23 receipt of this report, a meeting of the directors shall be
11 24 called by the state credit union to consider matters contained
11 25 in the report and the action taken shall be set forth in the
11 26 minutes of the board.

11 27 b. The report of examination of any affiliate or of any
11 28 person examined as provided in this subsection shall not be
11 29 transmitted by the superintendent to any such affiliate or
11 30 person or to the board of directors of any state credit union
11 31 unless authorized or requested by such affiliate or person.

11 32 4. a. Whenever the superintendent deems it necessary and
11 33 advisable, the superintendent may notify the board of
11 34 directors of a state credit union that a meeting will be held
11 35 at a place and time and manner as the superintendent directs.
12 1 The superintendent's notice may disclose the purpose of the
12 2 meeting.

12 3 b. The superintendent may present to the board at the
12 4 meeting any item the superintendent desires to bring to the
12 5 attention of the board, including but not limited to any
12 6 report of an examination required or allowed by this chapter,
12 7 any conclusions or projections drawn by the superintendent,
12 8 any recommendations made relative to a report of an
12 9 examination, and any other matters concerning the operation
12 10 and condition of the state credit union.

12 11 c. The state credit union shall cause the matters
12 12 presented at the meeting to be recorded in the minutes of the
12 13 meeting.

12 14 d. Each member of the board of directors shall furnish the
12 15 superintendent a statement on forms supplied by the
12 16 superintendent that the member is familiar with the matters
12 17 presented by the superintendent.

12 18 5. The superintendent may require any of the following
12 19 state credit unions to submit to an additional examination or
12 20 to an independent audit performed by a certified public
12 21 accounting firm as provided in subsection 1, paragraph "f", at
12 22 the expense of the state credit union:

12 23 a. A state credit union where the records are inadequate.

12 24 b. A state credit union in which the books have not been
12 25 balanced as of the end of the month not less than thirty days
12 26 previously.

12 27 c. A state credit union whose affairs are in an
12 28 unfavorable condition.

12 29 6. The superintendent may furnish a copy of the
12 30 examination report and materials relating to any or all
12 31 examinations made of any state credit union and any affiliate
12 32 of a state credit union to any or all of the following,
12 33 including any official or supervising examiner of any office
12 34 or regulatory authority:

12 35 a. The national credit union administration.

13 1 b. The federal deposit insurance corporation.

13 2 c. The federal reserve system.

13 3 d. The office of the comptroller of the currency.

13 4 e. The office of thrift supervision.

13 5 f. The federal home loan bank.

13 6 g. Financial institution regulatory authorities of other
13 7 states.

13 8 h. The financial crimes enforcement network of the United
13 9 States department of the treasury.

13 10 7. If the superintendent concludes that a state credit
13 11 union's affairs are in an unfavorable condition, the
13 12 superintendent may direct the state credit union to consider
13 13 consolidation, dissolution, or any other form of
13 14 reorganization.

13 15 Sec. 14. NEW SECTION. 533.114 ANNUAL REPORT OF
13 16 SUPERINTENDENT.

13 17 1. The superintendent shall report annually to the
13 18 governor in the manner and within the time required by chapter
13 19 7A. A copy of the report shall be furnished by the
13 20 superintendent to each state credit union and to the Iowa
13 21 credit union league and its affiliates.

13 22 2. In addition to the matters required by chapter 7A, the
13 23 annual report of the superintendent shall contain all of the
13 24 following:

13 25 a. A summary of applications approved or denied by the
13 26 superintendent pursuant to this chapter since the last
13 27 previous report.

13 28 b. A summary of the assets, liabilities, and capital
13 29 structures of all state credit unions, and a summary of the
13 30 volume of consumer installment credit outstanding per state
13 31 credit union, as of December 31 of the year for which the
13 32 report is made.

13 33 c. A statement of the receipts and disbursements of funds
13 34 of the superintendent during the calendar year ending on the
13 35 preceding December 31 and of the funds on hand on that
14 1 December 31, including an estimate of the disbursements of
14 2 credit union division funds for consumer credit protection

14 3 during the year for which the report is made.
14 4 d. Information that the administrator of the Iowa consumer
14 5 credit code may require to be included.
14 6 e. A list of state credit unions that have been designated
14 7 as serving predominantly low-income members pursuant to
14 8 section 533.301, subsection 1.
14 9 f. Other information the superintendent deems appropriate
14 10 and advisable to disclose in the discharge of the duties
14 11 imposed upon the superintendent by this chapter.
14 12 Sec. 15. NEW SECTION. 533.115 RECIPROCITY.
14 13 1. Subject to rules of the superintendent, a credit union
14 14 organized in another state may do business in Iowa if state
14 15 credit unions organized in Iowa may do business in the state
14 16 in which the out-of-state credit union is organized.
14 17 2. Notwithstanding subsection 1, an out-of-state credit
14 18 union shall meet the same deposit insurance requirements
14 19 established by this chapter for a state credit union prior to
14 20 doing business in Iowa.
14 21 Sec. 16. NEW SECTION. 533.116 ENFORCEMENT OF IOWA
14 22 CONSUMER CREDIT CODE.
14 23 1. The superintendent shall enforce the Iowa consumer
14 24 credit code with respect to state credit unions, as provided
14 25 in sections 537.2303, 537.2305, and 537.6105.
14 26 2. The superintendent shall cooperate with the
14 27 administrator of the Iowa consumer credit code as designated
14 28 in section 537.6103, and shall assist that administrator
14 29 whenever necessary to provide for the discharge of the duties
14 30 of that administrator.
14 31 3. Notwithstanding other provisions of this chapter to the
14 32 contrary, the superintendent shall furnish to the
14 33 administrator of the Iowa consumer credit code, access to or
14 34 copies of records in the custody of the credit union division
14 35 that relate to a state credit union when necessary to enable
15 1 the administrator of the Iowa consumer credit code to enforce
15 2 chapter 537.
15 3 Sec. 17. NEW SECTION. 533.117 SMALL LOANS LEGISLATION.
15 4 This chapter does not apply to any person engaged in the
15 5 business of loaning money under chapter 536.
15 6 Sec. 18. NEW SECTION. 533.201 ORGANIZATION.
15 7 1. In order to simplify the organization of state credit
15 8 unions, the superintendent shall cause to be prepared an
15 9 approved form of articles of incorporation and a form of
15 10 bylaws, consistent with this chapter, which shall be used by
15 11 state credit union incorporators.
15 12 2. a. A group comprised of at least seven residents of
15 13 the state of Iowa may apply to the superintendent for
15 14 permission to organize a state credit union.
15 15 b. A state credit union shall be organized by delivering
15 16 to the superintendent articles of incorporation that state all
15 17 of the following:
15 18 (1) The name and location of the proposed state credit
15 19 union.
15 20 (2) The names and addresses of the subscribers to the
15 21 articles and the number of shares subscribed to by each.
15 22 (3) The share structure of the state credit union. A
15 23 state credit union may have more than one class of shares.
15 24 The par value of the shares of the state credit union shall be
15 25 established by the board of directors.
15 26 3. The applicants shall prepare and adopt bylaws for the
15 27 general governance of the state credit union consistent with
15 28 the provisions of this chapter.
15 29 4. The articles and the bylaws, both executed in
15 30 duplicate, shall be forwarded with a fee of ten dollars to the
15 31 superintendent.
15 32 5. a. The superintendent shall determine whether the
15 33 articles and bylaws conform to the provisions of this chapter
15 34 within thirty days of receipt.
15 35 b. The superintendent shall notify the applicants of the
16 1 determination after review of the articles and bylaws.
16 2 c. If the decision is favorable, the superintendent shall
16 3 issue a certificate of approval, which shall be attached to
16 4 the duplicate articles of incorporation and returned, together
16 5 with the duplicate bylaws, to the applicants.
16 6 d. Articles and bylaws approved by the superintendent
16 7 shall be binding upon the applicants and the board of
16 8 directors of a state credit union. If the board of directors
16 9 does not follow the articles of incorporation and bylaws, the
16 10 members of the state credit union may pursue a derivative
16 11 action in Iowa district court.
16 12 6. a. The applicants shall file the duplicate of the
16 13 articles of incorporation and the attached certificate of

16 14 approval with the county recorder of the county within which
16 15 the state credit union is to have its principal place of
16 16 business.

16 17 b. The county recorder shall record and index the
16 18 duplicate of the articles of incorporation and the attached
16 19 certificate of approval and return the articles of
16 20 incorporation and the certificate of approval, with the
16 21 recorder's certificate of record attached, to the
16 22 superintendent for permanent record.

16 23 7. Articles of incorporation may be amended by a favorable
16 24 vote of a majority of the members present at a meeting, if
16 25 that number constitutes a quorum and if the proposed amendment
16 26 was contained in the notice of the meeting.

16 27 8. Bylaws may be amended by any of the following methods:

16 28 a. The favorable vote of a majority of the members present
16 29 at a meeting, if that number constitutes a quorum and if the
16 30 proposed amendment was contained in the notice of the meeting.

16 31 b. The favorable vote of a majority of the members of the
16 32 board.

16 33 c. By a majority vote of members voting by mailed or
16 34 electronic ballot, ensuring the confidentiality of voters,
16 35 according to procedures specified by rule of the
17 1 superintendent, requiring at least twenty days' notice to all
17 2 members. An announcement shall be made to members of the
17 3 results of the vote. Ballots shall be preserved for a
17 4 reasonable period of time following the vote.

17 5 d. A combination of procedures as specified in paragraphs
17 6 "a" and "c", whereby members are allowed to vote either in
17 7 person at a meeting or by mailed or electronic ballot,
17 8 according to procedures specified by rule of the
17 9 superintendent. If the proposed amendment receives a
17 10 favorable majority of the total votes cast in person and by
17 11 mailed or electronic ballot, the bylaws shall be amended.

17 12 9. An amendment to the articles of incorporation or bylaws
17 13 must be approved by the superintendent before the amendment
17 14 becomes effective.

17 15 10. The original articles or amended articles may contain
17 16 a provision eliminating or limiting the personal liability of
17 17 a director, officer, or employee of the state credit union or
17 18 its shareholders for monetary damages for breach of fiduciary
17 19 duty as a director, officer, or employee, provided that the
17 20 provision does not eliminate or limit the liability of a
17 21 director, officer, or employee for any breach of the
17 22 director's, officer's, or employee's duty of loyalty to the
17 23 state credit union or its shareholders, for acts or omissions
17 24 not in good faith or that involve intentional misconduct or a
17 25 knowing violation of law, or for any transaction from which
17 26 the director, officer, or employee derives an improper
17 27 personal benefit. However, a provision shall not eliminate or
17 28 limit the liability of a director, officer, employee, or
17 29 shareholder for any act or omission occurring prior to the
17 30 date when the provision in the articles of incorporation
17 31 becomes effective.

17 32 Sec. 19. NEW SECTION. 533.202 COMMON BOND == MEMBERSHIP
17 33 == OWNERSHIP SHARE.

17 34 1. a. State credit union organization shall be available
17 35 to groups of individuals who have a common bond of association
18 1 such as, but not limited to, occupation, common employer, or
18 2 residence within specified geographic boundaries.

18 3 b. Changes in the common bond may be made by the board of
18 4 directors.

18 5 2. a. The membership of a state credit union consists of
18 6 those persons in the common bond who have subscribed to one
18 7 ownership share and have complied with the other requirements
18 8 specified by the articles of incorporation and bylaws.

18 9 b. Organizations, incorporated or otherwise, may be
18 10 members.

18 11 c. Unless the state credit union's bylaws state otherwise,
18 12 once a person or organization becomes a member of a state
18 13 credit union in accordance with this chapter, the person or
18 14 organization may remain a member of that state credit union,
18 15 and retain all membership privileges, until the person or
18 16 organization chooses to withdraw from the membership of the
18 17 state credit union, or is expelled pursuant to section
18 18 533.210.

18 19 Sec. 20. NEW SECTION. 533.203 FISCAL YEAR == MEMBERSHIP
18 20 MEETINGS.

18 21 1. The fiscal year of all state credit unions shall end
18 22 December 31.

18 23 2. Annual meetings shall be held, and special meetings may
18 24 be held, in the manner indicated in the bylaws.

18 25 a. At all meetings, a member shall have one vote
18 26 regardless of the number of or class of shares held by the
18 27 member.

18 28 b. There shall be no voting by proxy.

18 29 c. A member other than a natural person may cast a single
18 30 vote through a delegated agent.

18 31 3. a. The majority of members present at any meeting may
18 32 vote to modify, amend, or reverse any act of the board of
18 33 directors or instruct the board to take action not
18 34 inconsistent with the articles, bylaws, or this chapter.

18 35 b. In order to be binding upon the board of directors, any
19 1 action taken by the membership to modify, amend, or reverse an
19 2 act of the board, or to instruct the board to take action,
19 3 requires an affirmative vote of a majority of all eligible
19 4 members obtained by submitting the modification, amendment, or
19 5 reversal to the members by mail or electronic ballot, pursuant
19 6 to rules adopted by the superintendent.

19 7 Sec. 21. NEW SECTION. 533.204 ELECTION OF BOARD.

19 8 1. At the organizational meeting a board of directors of
19 9 not less than nine members shall be elected to hold office for
19 10 such terms as the bylaws provide and until successors are
19 11 elected and qualified.

19 12 2. At each annual meeting one member shall be elected to
19 13 fill each position vacated by reason of an expiring term or
19 14 other cause.

19 15 3. Pursuant to rules adopted by the superintendent, state
19 16 credit unions may allow members to vote on the election of
19 17 directors via electronic means including but not limited to
19 18 the internet or telephone.

19 19 4. A record of the names and addresses of the directors,
19 20 officers, and committee persons shall be filed with the
19 21 superintendent within ten days following each election.

19 22 5. A state credit union wishing to maintain a board of
19 23 directors of less than nine members may apply to the
19 24 superintendent for permission to reduce the required number of
19 25 directors. An application to reduce the required number of
19 26 directors under this subsection must demonstrate both of the
19 27 following:

19 28 a. The application is necessitated by a hardship or other
19 29 special circumstance.

19 30 b. A lesser number of directors is in the best interest of
19 31 the state credit union and its members.

19 32 In no event may the superintendent allow fewer than seven
19 33 directors on a state credit union board.

19 34 Sec. 22. NEW SECTION. 533.205 BOARD OF DIRECTORS ==
19 35 DUTIES.

20 1 1. Within five days following the organizational meeting
20 2 and each annual meeting, the directors shall elect the
20 3 following officers from the membership of the board of
20 4 directors:

20 5 a. A chairperson of the board.

20 6 b. A vice chairperson.

20 7 c. A secretary.

20 8 d. A chief financial officer whose title shall be
20 9 designated by the board.

20 10 2. a. The board of directors shall appoint the following
20 11 committees:

20 12 (1) A credit committee of not less than three members.

20 13 (2) An auditing committee of not less than three members.

20 14 b. The board may also appoint alternate members of the
20 15 credit committee.

20 16 c. Only a member of the board or a member of the state
20 17 credit union may be appointed to the credit committee or to
20 18 the auditing committee.

20 19 d. The board may appoint an executive committee to act on
20 20 its behalf.

20 21 3. The duties and responsibilities of a director and of
20 22 the board of directors shall include, but are not limited to,
20 23 all of the following:

20 24 a. General management of the affairs of the state credit
20 25 union.

20 26 b. Setting the amount of the surety bond that shall be
20 27 required of all officers and employees handling money.

20 28 c. Attendance at no less than seventy-five percent of the
20 29 regular board meetings held during the calendar year.

20 30 d. Periodic review of the original records of the state
20 31 credit union, or comprehensive summaries prepared by the
20 32 officers of the state credit union, pertaining to loans,
20 33 security interests, and investments.

20 34 e. Review of the adequacy of the state credit union's
20 35 internal controls.

21 1 f. Periodic review of utilization of security measures.
21 2 g. Establishing education and training programs to ensure
21 3 that the director possesses adequate knowledge to manage the
21 4 affairs of the state credit union.
21 5 4. a. Directors of a state credit union shall discharge
21 6 the duties of their position in good faith and with that
21 7 diligence, care, and skill which ordinarily prudent persons
21 8 would exercise under similar circumstances in like positions.
21 9 b. The directors have a continuing responsibility to
21 10 assure themselves that the state credit union is being managed
21 11 according to law and that the practices and policies adopted
21 12 by the board are being implemented.
21 13 5. a. The board of directors shall name or employ an
21 14 individual who performs active executive or official duties
21 15 for the state credit union as its chief executive officer.
21 16 b. The board shall fix the tenure and provide for the
21 17 reasonable compensation of the chief executive officer.
21 18 c. The chief executive officer may be a member of the
21 19 board of directors.
21 20 6. a. The chief executive officer or the chief executive
21 21 officer's designee shall determine the compensation and tenure
21 22 of employees of the state credit union.
21 23 b. An employee of the state credit union shall not be a
21 24 member of the board of directors.
21 25 c. For purposes of this section, an employee of the state
21 26 credit union means an individual employed by the state credit
21 27 union other than the chief executive officer.
21 28 7. A state credit union shall not pay an overdraft of a
21 29 director, officer, or employee of the state credit union on an
21 30 account at the state credit union, unless the payment of funds
21 31 is made in accordance with either of the following:
21 32 a. A written, preauthorized, interest-bearing extension of
21 33 credit plan that specifies a method of repayment.
21 34 b. A written, preauthorized transfer of collected funds
21 35 from another account of the account holder at the state credit
22 1 union.

22 2 8. A credit union director shall not receive compensation
22 3 for service as a director. However, a director may be
22 4 reimbursed for reasonable expenses directly related to such
22 5 service.

22 6 Sec. 23. NEW SECTION. 533.206 MEETINGS OF THE BOARD.

22 7 Unless the bylaws provide otherwise, the board of directors
22 8 may permit any and all directors to participate in all except
22 9 one meeting per year of the board of directors through the use
22 10 of any means of communication by which all directors
22 11 participating in the meeting may simultaneously hear each
22 12 other and communicate during the meeting. A director
22 13 participating in a meeting by this means is deemed to be
22 14 present at the meeting.

22 15 Sec. 24. NEW SECTION. 533.207 CREDIT COMMITTEE.

22 16 1. The credit committee shall have responsibility for the
22 17 general supervision of all loans to members.

22 18 2. Applications for loans shall be on a form approved by
22 19 the credit committee.

22 20 a. All applications shall set forth the purpose for which
22 21 the loan is desired, the security, if any, offered and such
22 22 other data as may be required.

22 23 b. Within the meaning of this section, an assignment of
22 24 shares or deposits or the endorsement of a note may be deemed
22 25 security.

22 26 3. At least a majority of the members of the credit
22 27 committee shall review and act on all loan applications and
22 28 may grant approval, or the credit committee, with the prior
22 29 approval of the board of directors, may grant one or more loan
22 30 officers the power to approve or reject loans subject to
22 31 written conditions and regulations adopted by the credit
22 32 committee.

22 33 4. The credit committee shall meet as often as may be
22 34 necessary after due notice to each member.

22 35 Sec. 25. NEW SECTION. 533.208 AUDITING COMMITTEE.

23 1 The auditing committee shall perform the following
23 2 functions:

23 3 1. Make or cause to be made an examination of the affairs
23 4 of the state credit union at least annually, including an
23 5 audit of its financial records. If the auditing committee
23 6 feels such action to be necessary, the auditing committee
23 7 shall call the members together after the audit and submit to
23 8 them its report.

23 9 2. Make or cause to be made an annual report and submit it
23 10 at the annual meeting of the members.

23 11 3. Suspend by unanimous vote any officer, director, or

23 12 member of the auditing committee and call the members together
23 13 to act on the suspension, if the auditing committee deems the
23 14 action to be necessary to the proper conduct of the state
23 15 credit union. The members at the meeting may sustain the
23 16 suspension and remove the officer, director, or member
23 17 permanently or may reinstate the officer, director, or member.
23 18 4. Call a special meeting of state credit union members by
23 19 majority vote to consider a matter to be submitted by the
23 20 auditing committee.

23 21 Sec. 26. NEW SECTION. 533.209 CONFLICTS OF INTEREST.

23 22 1. A director, committee member, officer, or employee of a
23 23 state credit union shall not directly or indirectly
23 24 participate in either the deliberation upon or the
23 25 determination of any matter in which the director, committee
23 26 member, officer, or employee has a direct or indirect
23 27 interest.

23 28 2. For the purposes of this section, an interest may
23 29 include, but is not limited to, a pecuniary or familial
23 30 interest.

23 31 Sec. 27. NEW SECTION. 533.210 EXPULSION OF CREDIT UNION
23 32 MEMBER.

23 33 1. The board of directors may expel any member of a state
23 34 credit union who has failed to do either of the following:

23 35 a. Carry out the member's obligations to the state credit
24 1 union.

24 2 b. Comply with the state credit union's bylaws or
24 3 policies.

24 4 2. A member of a state credit union may be expelled by a
24 5 majority vote of the board of directors at a regular or
24 6 special meeting of the board.

24 7 a. An expelled member may request a hearing before the
24 8 membership of the state credit union, which shall be held
24 9 within sixty days of an expelled member's request.

24 10 b. At the hearing, the membership may reinstate the
24 11 expelled member by majority vote, upon terms and conditions
24 12 prescribed at the hearing.

24 13 3. Any member may withdraw from the state credit union at
24 14 any time, but advance notice of withdrawal may be required as
24 15 provided in this section.

24 16 4. After deducting all amounts due from the member to the
24 17 state credit union and the amount necessary to honor
24 18 outstanding share drafts drawn against accounts of the member,
24 19 all amounts paid on shares or as deposits of an expelled or
24 20 withdrawing member, along with accrued dividends and interest
24 21 to the date of expulsion or withdrawal, shall be paid to that
24 22 member.

24 23 5. Upon expulsion or withdrawal of a member from a state
24 24 credit union, or at any other time, the state credit union may
24 25 require sixty days' notice of intention to withdraw shares and
24 26 thirty days' notice of intention to withdraw deposits, except
24 27 that a state credit union shall not at any time require notice
24 28 of withdrawal with respect to funds that are subject to
24 29 withdrawal by share drafts.

24 30 6. Withdrawing or expelled members shall have no further
24 31 rights in the state credit union. However, withdrawing or
24 32 expelled members shall not be released from any remaining
24 33 liability to the state credit union because of the expulsion
24 34 or withdrawal.

24 35 Sec. 28. NEW SECTION. 533.211 SUSPENSION OR RESTRICTION
25 1 OF SERVICES.

25 2 1. A state credit union may suspend or deny certain
25 3 services to members who have done any of the following:

25 4 a. Caused a loss to the state credit union.

25 5 b. Violated the membership agreement or any policy adopted
25 6 by the board.

25 7 c. Been physically or verbally abusive to state credit
25 8 union members or staff.

25 9 2. Members with suspended services may maintain a share
25 10 account, and continue to vote at annual and special meetings.

25 11 Sec. 29. NEW SECTION. 533.212 USE OF NAME "CREDIT UNION"
25 12 REQUIREMENTS == RESTRICTIONS == EXCEPTIONS.

25 13 1. a. A state credit union organized in accordance with
25 14 this chapter shall include the words "credit union" in its
25 15 name.

25 16 b. All state credit union offices shall be identified by
25 17 use of the state credit union's full name.

25 18 c. The full name of a state credit union shall be used in
25 19 all legal documents of the state credit union.

25 20 2. a. A person other than a credit union shall not use a
25 21 name or title containing the words "credit union", or any
25 22 derivation, and shall not represent in advertising or

25 23 otherwise that the person is conducting business as a credit
25 24 union, except as provided in subsection 3.

25 25 b. A person who violates paragraph "a" may be enjoined
25 26 from the use of words, advertising, or other representation
25 27 prohibited by paragraph "a".

25 28 3. The prohibitions contained in subsection 2 do not apply
25 29 to any of the following entities:

25 30 a. A credit union organized under this chapter or the laws
25 31 of another state.

25 32 b. A credit union organized under the Federal Credit Union
25 33 Act, 12 U.S.C. } 1751 et seq.

25 34 c. The Iowa credit union league, a chapter, affiliate, or
25 35 subsidiary of the Iowa credit union league or a political
26 1 action committee formed pursuant to the Federal Election
26 2 Campaign Act, 2 U.S.C. } 431 et seq., or chapter 68A by the
26 3 Iowa credit union league or by credit unions organized under
26 4 this chapter or federal law.

26 5 d. A joint service center operated by two or more credit
26 6 unions where credit union services are made available to
26 7 credit union members.

26 8 e. An organization formed for educational purposes in
26 9 association with an accredited elementary or secondary school
26 10 that engages in receipt of deposits of no more than twenty
26 11 dollars per depositor and uses the words "educational credit
26 12 union" in its name. An educational credit union must be
26 13 affiliated with a state credit union organized under this
26 14 chapter. Notwithstanding this recognition given to an
26 15 educational credit union, an educational credit union is not a
26 16 state credit union within the scope or regulation of this
26 17 chapter.

26 18 Sec. 30. NEW SECTION. 533.213 CORPORATE CENTRAL CREDIT
26 19 UNION.

26 20 1. A corporate central credit union may be established.

26 21 a. Credit unions organized under this chapter, the Federal
26 22 Credit Union Act, or any other credit union act and credit
26 23 union organizations may be members.

26 24 b. Regulated financial institutions, nonprofit
26 25 organizations, and cooperative organizations may also be
26 26 members to the extent and manner provided for in the bylaws of
26 27 the corporate central credit union.

26 28 2. A corporate central credit union shall not be required
26 29 to transfer to its legal reserve more than five percent of its
26 30 net income for the year.

26 31 3. A corporate central credit union shall have all the
26 32 powers, restrictions, and obligations imposed upon, or granted
26 33 to a state credit union under this chapter, except that the
26 34 corporate central credit union may also exercise any of the
26 35 following additional powers subject to the adoption of rules
27 1 by the superintendent and with the prior written approval of
27 2 the superintendent:

27 3 a. Borrow any amount from any source.

27 4 b. Invest in or purchase obligations or securities or
27 5 other designated investments to the same extent authorized for
27 6 other supervised financial institutions.

27 7 c. Invest in or acquire shares, stocks, or other
27 8 obligations of an organization providing services that are
27 9 associated with the operations of credit unions. However, the
27 10 aggregate amount invested pursuant to this paragraph shall not
27 11 exceed fifty percent of the total of all reserves and
27 12 undivided earnings of the corporate central credit union.

27 13 d. Buy or sell investment securities and corporate bonds
27 14 that are evidences of indebtedness. However, the purchase or
27 15 sale is limited to marketable obligations of a corporation or
27 16 state or federal agency issued without recourse.

27 17 e. Establish one or more capital accounts in the same
27 18 manner as if it were a federal credit union.

27 19 f. Sell all or part of its assets to another corporate
27 20 central credit union and assume the liabilities of a selling
27 21 corporate central credit union if the action is pursuant to a
27 22 plan agreed upon by a majority of the board of directors and,
27 23 in the case of the sale of all of its assets, the affirmative
27 24 vote of a majority of its members either by mail or in person
27 25 at a meeting called for that purpose.

27 26 g. Invest in the shares or deposits of another similarly
27 27 organized corporate central credit union, or central liquidity
27 28 facility.

27 29 h. Make other investments approved by the superintendent.

27 30 Sec. 31. NEW SECTION. 533.214 CENTRAL CREDIT UNIONS.

27 31 Credit unions known as central credit unions may exist for
27 32 the purpose of serving credit unions, members of dissolved and
27 33 members of other credit unions, directors, officers, and

27 34 employees of credit unions, employee groups as described in
27 35 section 533.301, subsection 13, and such other persons as the
28 1 superintendent approves.

28 2 Sec. 32. NEW SECTION. 533.301 POWERS.

28 3 A state credit union shall have the power to do all of the
28 4 following:

28 5 1. Receive payments for ownership shares, other shares, or
28 6 as deposits from any or all of the following:

28 7 a. Members of the state credit union.

28 8 b. Nonmembers as prescribed by rule where the state credit
28 9 union is serving predominantly low-income members. Rules
28 10 adopted allowing nonmember deposits in state credit unions
28 11 serving predominantly low-income members shall be designed
28 12 solely to meet the needs of the low-income members.

28 13 c. Other state credit unions.

28 14 d. Federal, state, county, and city governments.

28 15 2. Make loans or leases to members.

28 16 3. Make loans to a cooperative society or other
28 17 organization having membership in the state credit union.

28 18 4. Make deposits in state and national banks, state and
28 19 federal savings banks or savings and loan associations, and
28 20 state and federal credit unions, the accounts of which are
28 21 insured by the federal deposit insurance corporation or the
28 22 national credit union share insurance fund.

28 23 5. Make investments in any or all of the following:

28 24 a. Time deposits in state and national banks, state and
28 25 federal savings banks or savings and loan associations, and
28 26 state and federal credit unions, the deposits of which are
28 27 insured by the federal deposit insurance corporation or the
28 28 national credit union share insurance fund.

28 29 b. Obligations, participations, or other instruments of or
28 30 issued by, or fully guaranteed as to principal and interest by
28 31 the United States government or any agency of the United
28 32 States government, or any trust or trusts established for
28 33 investing directly or collectively in the United States
28 34 government or any agency of the United States government.

28 35 c. General obligations of this state and any subdivision
29 1 of this state.

29 2 d. Purchase of notes of liquidating credit unions with the
29 3 approval of the superintendent.

29 4 e. Shares and deposits in other credit unions.

29 5 f. Shares, stocks, loans, and other obligations or a
29 6 combination of shares, stocks, loans, and other obligations of
29 7 a credit union service organization, corporation, or
29 8 association, provided the membership or ownership, as the case
29 9 may be, of the credit union service organization, corporation,
29 10 or association is primarily confined or restricted to credit
29 11 unions or organizations of credit unions, and provided that
29 12 the purpose of the credit union service organization,
29 13 corporation, or association is primarily designed to provide
29 14 services to credit unions, organizations of credit unions, or
29 15 credit union members. However, the aggregate amount invested
29 16 pursuant to this paragraph shall not exceed five percent of
29 17 the assets of the credit union.

29 18 g. Obligations issued by federal land banks, federal
29 19 intermediate credit banks, banks for cooperatives, or any of
29 20 the federal farm credit banks.

29 21 h. Commercial paper issued by United States corporations
29 22 as defined by rule.

29 23 i. Corporate bonds as defined by and subject to terms and
29 24 conditions imposed by the superintendent, provided that the
29 25 superintendent shall not approve investment in corporate bonds
29 26 unless the bonds are rated in the two highest grades of
29 27 corporate bonds by a nationally accepted rating agency.

29 28 j. Any permissible investment for federal credit unions,
29 29 provided that this paragraph shall not permit a credit union
29 30 to invest in a credit union service organization except as
29 31 provided in paragraph "f".

29 32 6. Borrow money as provided in this chapter.

29 33 7. Assess penalties as may be provided by the bylaws.

29 34 8. Sue and be sued.

29 35 9. Make contracts.

30 1 10. Purchase, hold, and dispose of property necessary and
30 2 incidental to its operation, except that any property acquired
30 3 through foreclosure shall be disposed of within a period not
30 4 to exceed ten years.

30 5 11. Exercise such incidental powers as may be necessary or
30 6 requisite to enable the state credit union to carry on the
30 7 business effectively for which it is incorporated.

30 8 12. Apply for share account and deposit account insurance
30 9 that meets the requirements of this chapter, and take all

30 10 actions necessary to maintain an insured status.
30 11 13. Serve a group of persons having an insufficient number
30 12 of members to form or conduct the affairs of a separate credit
30 13 union, upon the approval of the superintendent. The existence
30 14 of a common bond relationship between the group and the credit
30 15 union affecting that service shall not be required.
30 16 14. Deposit with a credit union that has been in existence
30 17 for not more than a year, an amount not to exceed twenty-five
30 18 percent of the assets of the new credit union, but only one
30 19 credit union may, at any time, make such a deposit.
30 20 15. Acquire the conditional sales contracts, promissory
30 21 notes, or other similar instruments executed by its members,
30 22 but the rate of interest existing on the instruments shall not
30 23 exceed the highest rate charged by the acquiring credit union
30 24 on its outstanding loans.
30 25 16. a. Sell, participate in, or discount the obligations
30 26 of its members with or without recourse.
30 27 b. Purchase the obligations of credit union members,
30 28 provided the obligations meet the requirements of this
30 29 chapter.
30 30 17. Acquire and hold shares in a corporation engaged in
30 31 providing and operating facilities through which a credit
30 32 union and its members may engage, by means of either the
30 33 direct transmission of electronic impulses to and from the
30 34 credit union or the recording of electronic impulses or other
30 35 indicia of a transaction for delayed transmission to the
31 1 credit union, in transactions in which such credit union is
31 2 otherwise permitted to engage pursuant to applicable law,
31 3 subject to the prior approval of the superintendent.
31 4 18. Engage in any transaction otherwise permitted by this
31 5 chapter and applicable law, by means of either the direct
31 6 transmission of electronic impulses to or from the state
31 7 credit union or the recording of electronic impulses or other
31 8 indicia of a transaction for delayed transmission to the state
31 9 credit union.
31 10 a. Subject to the provisions of chapter 527, a state
31 11 credit union may utilize, establish, or operate, alone or with
31 12 one or more other credit unions, banks incorporated under
31 13 chapter 524 or federal law, savings and loan associations
31 14 incorporated under chapter 534 or federal law, corporations
31 15 licensed under chapter 536A, or third parties, the satellite
31 16 terminals permitted under chapter 527, by means of which the
31 17 state credit union may transmit to or receive from any member
31 18 electronic impulses constituting transactions pursuant to this
31 19 subsection. However, such utilization, establishment, or
31 20 operation shall be lawful only when in compliance with chapter
31 21 527.
31 22 b. This subsection shall not be construed as authority for
31 23 any person to engage in transactions not otherwise permitted
31 24 by applicable law, and shall not be deemed to repeal, replace,
31 25 or in any other way affect any applicable law or rule
31 26 regarding the maintenance of or access to financial
31 27 information maintained by any credit union.
31 28 19. Establish one or more state credit union offices other
31 29 than its main office.
31 30 a. A state credit union may furnish at any of its offices
31 31 all credit union services ordinarily furnished to the
31 32 membership at its principal place of business.
31 33 b. The central executive and official business and
31 34 recordkeeping functions of a state credit union shall be
31 35 exercised at its principal place of business or at another
32 1 state credit union office or a location authorized by the
32 2 superintendent for these functions.
32 3 c. A state credit union shall file an informational
32 4 statement in the form prescribed by the superintendent prior
32 5 to opening a state credit union office.
32 6 d. A state credit union office shall not be opened without
32 7 a certificate to establish a state credit union office issued
32 8 by the superintendent.
32 9 e. The establishment of a state credit union office must
32 10 be reasonably necessary for service to, and in the best
32 11 interests of, the members of the state credit union, and shall
32 12 not endanger the safety and soundness of the state credit
32 13 union opening the office.
32 14 f. A state credit union may join with one or more credit
32 15 unions in the operation of an office facility to meet the
32 16 service needs of its members.
32 17 20. Contract with another credit union to furnish services
32 18 which either could otherwise legally perform. Contracted
32 19 services provided under this subsection are subject to
32 20 regulation and examination like other services.

32 21 21. Purchase insurance or make the purchase of insurance
32 22 available for members.
32 23 22. Charge fees and penalties and apply them to income.
32 24 23. a. (1) Act as agent of the federal government when
32 25 requested by the secretary of the United States department of
32 26 treasury.
32 27 (2) Perform such services as may be required in connection
32 28 with the collection of taxes and other obligations due the
32 29 United States and the lending, borrowing, and repayment of
32 30 moneys by the United States.
32 31 (3) Act as a depository of public money when designated
32 32 for that purpose.
32 33 b. (1) Act as agent of this state when requested by the
32 34 treasurer of state.
32 35 (2) Perform such services as may be required in connection
33 1 with the collection of taxes and other obligations due this
33 2 state and the lending, borrowing, and repayment of moneys by
33 3 this state.
33 4 (3) Act as a depository of public moneys when designated
33 5 for that purpose.
33 6 24. Receive public funds pursuant to chapter 12C and
33 7 pledge its assets to secure the deposit of public funds.
33 8 25. Engage in any activity authorized by the
33 9 superintendent which would be permitted if the state credit
33 10 union were federally chartered and which is consistent with
33 11 state law.
33 12 26. To promote the public welfare, make donations for
33 13 religious, charitable, scientific, educational, or community
33 14 betterment purposes.

33 15 27. Set off a member's accounts against any of the
33 16 member's debts or liabilities owed the state credit union
33 17 pursuant to an agreement entered into between the member and
33 18 the state credit union. The state credit union shall also
33 19 have a lien on the shares and deposits of a member for any sum
33 20 due to the state credit union from the member or for any loan
33 21 endorsed by the member.

33 22 Sec. 33. NEW SECTION. 533.302 CAPITAL.

33 23 1. The capital of a credit union shall consist of the
33 24 payments that have been made to it by the several members
33 25 thereof on shares. A credit union may charge an entrance fee
33 26 as may be provided by the bylaws.

33 27 2. A credit union may establish an equity share having a
33 28 par value not to exceed one hundred dollars which shall be a
33 29 part of the capital of the credit union and shall not be
33 30 withdrawn or transferred except upon termination of membership
33 31 in the credit union. At the option of the credit union, the
33 32 equity share may earn a dividend and may be insured.

33 33 Sec. 34. NEW SECTION. 533.303 RESERVES.

33 34 1. At the end of each dividend period, but no less than
33 35 quarterly, the gross income of the state credit union shall be
34 1 determined.

34 2 2. A legal reserve against losses on loans and against
34 3 such other losses as may be specified by rule shall be set
34 4 aside from the gross income in accordance with the following
34 5 schedule:

34 6 a. A state credit union in operation for more than four
34 7 years and having assets of five hundred thousand dollars or
34 8 more shall set aside the following amounts in the following
34 9 order:

34 10 (1) Ten percent of the gross income until the legal
34 11 reserve equals four percent of the total outstanding loans and
34 12 risk assets.

34 13 (2) Five percent of the gross income until the legal
34 14 reserve equals six percent of the total outstanding loans and
34 15 risk assets.

34 16 b. A state credit union in operation for less than four
34 17 years or having assets of less than five hundred thousand
34 18 dollars shall set aside the following amounts in the order set
34 19 forth:

34 20 (1) Ten percent of the gross income until the legal
34 21 reserve equals seven and one-half percent of the total
34 22 outstanding loans and risk assets.

34 23 (2) Five percent of the gross income until the legal
34 24 reserve equals ten percent of the total outstanding loans and
34 25 risk assets.

34 26 3. a. If the legal reserve falls below the percent of the
34 27 total outstanding loans and risk assets required for a state
34 28 credit union by this section, the state credit union shall
34 29 replenish the legal reserve by regular contributions in the
34 30 amounts needed to reach the required reserve. However, the
34 31 superintendent may waive the reserve requirement when in the

34 32 superintendent's opinion the waiver is necessary or desirable.

34 33 b. The legal reserve shall belong to the state credit
34 34 union and shall be used to meet losses.

34 35 c. The reserve shall not be distributed to members as
35 1 interest or dividends except on liquidation of the state
35 2 credit union or in accordance with a plan approved by the
35 3 superintendent.

35 4 4. The superintendent may require a state credit union to
35 5 set aside additional amounts as a special reserve if an
35 6 examination of assets discloses that the legal reserve of the
35 7 state credit union is inadequate.

35 8 5. A state credit union shall maintain an adequate
35 9 allowance for loan and lease losses account and such other
35 10 valuation allowance accounts as may be necessary to provide
35 11 for the full and fair disclosure, in the state credit union's
35 12 financial statements, of the assets, liabilities, and equity
35 13 of the state credit union.

35 14 6. For the purpose of establishing legal reserves, the
35 15 following shall not be considered risk assets:

35 16 a. Cash on hand.

35 17 b. Deposits and shares in federally insured banks, savings
35 18 banks, and credit unions.

35 19 c. Assets which are insured by, fully guaranteed as to
35 20 principal and interest by, or due from the United States
35 21 government, its agencies, and instrumentalities.

35 22 d. Loans to other credit unions.

35 23 e. Student loans insured under the provisions of 20 U.S.C.
35 24 } 1071-1087 or similar state programs.

35 25 f. Loans insured by the federal housing administration
35 26 under 12 U.S.C. } 1703.

35 27 g. Loans fully insured or guaranteed by the federal
35 28 government, a state government, or any agency of either.

35 29 h. Common trust investments which deal in investments
35 30 authorized in section 533.301.

35 31 i. Prepaid expenses.

35 32 j. Accrued interest on nonrisk investments.

35 33 k. Furniture and equipment.

35 34 l. Land and buildings.

35 35 m. Loans fully secured by a pledge of shares within the
36 1 state credit union.

36 2 n. Deposits in the national credit union share insurance
36 3 fund.

36 4 o. Real estate loans in transit to the secondary market as
36 5 specified by rule.

36 6 7. Notwithstanding any other provision of this section, a
36 7 state credit union shall maintain a sufficient amount of net
36 8 worth as required by the state credit union's deposit insurer
36 9 and rules of the superintendent.

36 10 Sec. 35. NEW SECTION. 533.304 INVESTMENT IN CERTAIN
36 11 SHARES OR EQUITY INTERESTS.

36 12 1. For purposes of this section, unless the context
36 13 otherwise requires:

36 14 a. "Equity interests" means limited partnership interests
36 15 and other equity investments in which liability is limited to
36 16 the amount of the investment, but does not mean general
36 17 partnership interests or other interests involving general
36 18 liability.

36 19 b. "Small business" means a corporation, partnership,
36 20 proprietorship, or other entity formed under the laws of the
36 21 United States, or a state, district, or territory of the
36 22 United States, that meets the appropriate United States small
36 23 business administration definition of small business and that
36 24 is principally engaged in the development or exploitation of
36 25 inventions, technological improvements, new processes, or
36 26 other products not previously generally available in this
36 27 state, or other investments which provide an economic benefit
36 28 to this state.

36 29 c. "Venture capital fund" means a corporation,
36 30 partnership, proprietorship, or other entity formed under the
36 31 laws of the United States, or a state, district, or territory
36 32 of the United States, whose principal business is or will be
36 33 the making of investments in and the provision of significant
36 34 managerial assistance to small businesses that meet the United
36 35 States small business administration definition of small
37 1 business.

37 2 2. A state credit union may invest in either of the
37 3 following to the extent that the total investments under this
37 4 section shall not be more than five percent of the state
37 5 credit union's assets:

37 6 a. Shares or equity interests in venture capital funds

37 7 that agree to invest an amount equal to at least fifty percent

37 8 of the state credit union's investment in small businesses
37 9 having their principal offices within this state and having
37 10 either more than one-half of their assets within this state or
37 11 more than one-half of their employees employed within this
37 12 state.

37 13 b. Shares or equity interests in small businesses having
37 14 their principal offices within this state and having either
37 15 more than one-half of their assets within this state or more
37 16 than one-half of their employees employed within this state.
37 17 A state credit union shall not invest in more than twenty
37 18 percent of the total capital and surplus of any one small
37 19 business under this paragraph.

37 20 Sec. 36. NEW SECTION. 533.305 INVESTMENT IN BANKS OR
37 21 SAVINGS BANKS == REQUIRED FINDINGS.

37 22 1. INVESTMENTS IN BANKS. A state credit union may, with
37 23 the prior approval of the superintendent, invest in the
37 24 capital stock, obligations, or other securities of a bank.

37 25 2. INVESTMENT IN SAVINGS BANKS. A state credit union may,
37 26 with the prior approval of the superintendent, invest in the
37 27 capital stock, obligations, or other securities of a savings
37 28 bank.

37 29 3. FINDINGS REQUIRED. The superintendent shall not grant
37 30 an approval under subsection 1 or 2, unless the superintendent
37 31 makes one of the following findings:

37 32 a. Based upon a preponderance of the evidence presented,
37 33 the proposed investment will not have the immediate effect of
37 34 significantly reducing competition between depository
37 35 financial institutions located in the same community as the
38 1 institution whose shares would be acquired.

38 2 b. Based upon a preponderance of the evidence presented,
38 3 the proposed investment would have an anticompetitive effect
38 4 as described in paragraph "a", but other factors, specifically
38 5 cited, outweigh the anticompetitive effect so that there would
38 6 be a net public benefit as a result of the investment.

38 7 4. COMPETITION PRESERVED. a. The subsequent liquidation
38 8 of a bank or savings bank whose shares are acquired under this
38 9 section shall not prevent the subsequent incorporation of
38 10 another bank or savings bank in the same community.

38 11 b. The superintendent of banking shall not find the
38 12 liquidation of a bank whose shares are acquired under this
38 13 section to be grounds for disapproving the incorporation of
38 14 another bank in the same community under section 524.305.

38 15 c. The superintendent of savings and loan associations
38 16 shall not find the liquidation of a savings and loan
38 17 association whose shares are acquired under this section to be
38 18 grounds for disapproving the incorporation of another savings
38 19 and loan association in the same community under chapter 534.

38 20 Sec. 37. NEW SECTION. 533.306 POWER TO BORROW.
38 21 A state credit union may borrow from any source in total a
38 22 sum that shall not exceed fifty percent of the sum of its
38 23 share and deposit account balances.

38 24 Sec. 38. NEW SECTION. 533.307 ACCOUNT INSURANCE.

38 25 Except as provided in section 533.302, subsection 2, a
38 26 credit union organized under this chapter, as a condition of
38 27 maintaining its privilege of organization, shall acquire and
38 28 maintain insurance to protect each shareholder and each
38 29 depositor against loss of funds held on account by the credit
38 30 union. The insurance shall be obtained from the national
38 31 credit union administrator or from some other share guarantor
38 32 or insurance plan approved by the Iowa commissioner of
38 33 insurance and the superintendent, provided that each credit
38 34 union shall acquire deposit insurance from the appropriate
38 35 agency of the federal government.

39 1 Sec. 39. NEW SECTION. 533.308 FIDELITY BOND AND GENERAL
39 2 INSURANCE COVERAGE.

39 3 1. A state credit union shall maintain a fidelity bond for
39 4 state credit union employees and officials in a sufficient
39 5 amount to indemnify the state credit union against losses that
39 6 may be incurred by reason of any act or acts of fraud,
39 7 dishonesty, forgery, theft, larceny, embezzlement, wrongful
39 8 abstraction, misapplication, misappropriation, or other
39 9 unlawful act committed by the employee or official directly or
39 10 through connivance with others, and general insurance coverage
39 11 for losses caused by persons not associated with the state
39 12 credit union.

39 13 a. The fidelity bond and general insurance coverage shall
39 14 be obtained from a company authorized to do business in this
39 15 state.

39 16 b. The superintendent may require additional coverage for
39 17 a state credit union if, in the opinion of the superintendent,
39 18 current coverage is insufficient. The board of directors of

39 19 the state credit union shall obtain the additional coverage
39 20 within thirty days after written notice from the
39 21 superintendent.

39 22 2. The superintendent may furnish to any official of an
39 23 insurance plan by which the accounts of a state credit union
39 24 are insured or by which its employees and officials are
39 25 bonded, any information relating to examinations,
39 26 investigations, and reports of the status of that state credit
39 27 union or its employees and officials for the purpose of
39 28 facilitating the availability or continuation of the insurance
39 29 or bond of the state credit union or resolution of a claim.

39 30 Sec. 40. NEW SECTION. 533.309 SHARE ACCOUNTS.

39 31 A state credit union may have share accounts including, but
39 32 not limited to, the following types:

39 33 1. OWNERSHIP SHARE ACCOUNT. The ownership share account
39 34 shall consist of an account balance held by the state credit
39 35 union in accordance with the state credit union's bylaws.
40 1 Each member may acquire only one ownership share. In the case
40 2 of a joint account, the joint account owners may acquire only
40 3 one ownership share unless each joint account owner applies
40 4 for and is accepted as an individual member. The state credit
40 5 union shall not set off fees against a member's ownership
40 6 share.

40 7 2. JOINT ACCOUNTS. A member may designate any person or
40 8 persons to hold shares, deposits, and thrift club accounts
40 9 with the member in joint tenancy with the right of
40 10 survivorship, but such joint tenants shall not be permitted to
40 11 cast more than one vote per ownership share jointly held in
40 12 the state credit union. However, a joint tenant may have
40 13 other rights of a jointly held ownership share, including the
40 14 ability to obtain loans, or hold office or be required to pay
40 15 an entrance fee. Payment of part or all of such joint
40 16 accounts to any of the joint tenants shall, to the extent of
40 17 such payment, discharge the liability to all.

40 18 3. ACCOUNT FOR MINORS. Shares may be issued and deposits
40 19 accepted in the name of a minor. Such shares and deposits may
40 20 be withdrawn by the minor and payments made on such
40 21 withdrawals shall be valid. A minor under sixteen years of
40 22 age shall not be entitled to vote in the meetings of the
40 23 members either personally or through the minor's parent or
40 24 guardian, and a minor shall not become a director until the
40 25 minor reaches the minor's eighteenth birthday.

40 26 4. BENEFICIARY ACCOUNT. If a member makes a deposit for
40 27 the benefit of a person other than the depositor, the name and
40 28 residence address of the beneficiary shall be disclosed and
40 29 the account shall be kept in the name of the depositor, for
40 30 the benefit of the beneficiary. The account balance may be
40 31 withdrawn by the depositor or, upon the death of the
40 32 depositor, by the beneficiary or the beneficiary's legal
40 33 representative.

40 34 Sec. 41. NEW SECTION. 533.310 DEPOSITS IN THE NAMES OF
40 35 TWO OR MORE INDIVIDUALS.

41 1 When a deposit is made in a state credit union in the names
41 2 of two or more individuals that is payable to any one or more
41 3 of them or is payable to the survivor or survivors, the
41 4 deposit, including interest, or any part, may be paid to any
41 5 one or more of the individuals, whether or not the others are
41 6 living. The receipt or a quittance of the individuals who are
41 7 paid is a valid and sufficient release and discharge of the
41 8 state credit union for any payment made pursuant to this
41 9 section.

41 10 Sec. 42. NEW SECTION. 533.311 ACCEPTANCE OF DEPOSITS AND
41 11 INVESTMENTS WHILE INSOLVENT.

41 12 When a state credit union is insolvent, the state credit
41 13 union shall not do either of the following:

41 14 1. Accept any deposits or investments in ownership shares.

41 15 2. Renew or extend the term of any time deposits or time
41 16 investments.

41 17 Sec. 43. NEW SECTION. 533.312 DIVIDENDS AND INTEREST.

41 18 1. The board of directors may declare dividends at such
41 19 rates and upon such classes of shares as are determined by the
41 20 board, at such intervals and for such periods as the board may
41 21 authorize, and after provision for required reserves pursuant
41 22 to section 533.303.

41 23 2. Dividends shall be considered a normal operating
41 24 expense of the state credit union and shall be paid on all
41 25 paid-up shares outstanding at the close of the period for
41 26 which the dividend is declared and shall be available only
41 27 from undivided earnings.

41 28 3. The superintendent may restrict or prohibit the payment
41 29 of a dividend or interest when an impairment of capital

41 30 exists.

41 31 Sec. 44. NEW SECTION. 533.313 SHARE DRAFTS.

41 32 1. A state credit union may provide its members with share
41 33 draft accounts.

41 34 a. "Share draft" means a negotiable draft which is payable
41 35 upon demand and is used to withdraw funds from a share draft
42 1 account.

42 2 b. A share draft is an item for purposes of chapter 554,
42 3 article 4.

42 4 c. The term does not include a draft issued by a state
42 5 credit union for the transfer of funds between the issuing
42 6 credit union and another credit union, a bank, a savings and
42 7 loan association, or another depository financial institution.

42 8 2. A share draft account is an account that is a demand
42 9 account from which a state credit union has agreed that funds
42 10 may be withdrawn by means of a share draft. A share draft
42 11 account may bear interest or dividends as determined by the
42 12 board of directors, provided that the state credit union shall
42 13 not pay interest or dividends on a share draft account at a
42 14 rate that exceeds the maximum interest rate which a regulated
42 15 financial institution is able to pay on comparable instruments
42 16 as allowed by the depository institutions deregulatory
42 17 committee.

42 18 3. A state credit union may guarantee payment for a share
42 19 draft if both the following conditions are met:

42 20 a. A specific guarantee authorization is obtained for the
42 21 share draft from the state credit union.

42 22 b. The guarantee authorization is immediately noted on the
42 23 share draft account to prevent the withdrawal of funds needed
42 24 to pay the guaranteed share draft.

42 25 4. A state credit union may charge fees and penalties on
42 26 share drafts and apply fees and penalties to the state credit
42 27 union's income in relation to share draft services.

42 28 5. The superintendent may adopt rules relating to share
42 29 draft programs as necessary to administer this chapter.

42 30 Sec. 45. NEW SECTION. 533.314 PAYMENT OF SHARE DRAFTS
42 31 DURING DISSOLUTION.

42 32 Other provisions of section 533.404 notwithstanding, when a
42 33 state credit union is dissolved, first priority of payment
42 34 shall be given to unpaid share drafts. However, a share draft
42 35 shall not be paid if any of the following conditions exist:

43 1 1. The share draft was issued on or after the date of
43 2 dissolution, or on or after the date the state credit union is
43 3 required by section 533.405, subsection 2, to cease doing
43 4 business in the event of a voluntary dissolution.

43 5 2. The share draft is written against an account that does
43 6 not contain sufficient funds with which to pay the share
43 7 draft.

43 8 3. The share draft is payable to a member of the state
43 9 credit union, or to a member of the family of the issuer of
43 10 the share draft, or to a business in which the issuer of the
43 11 share draft has an interest. However, the exception contained
43 12 in this subsection does not apply to any person referred to in
43 13 this subsection if the person is a holder in due course, as
43 14 provided in chapter 554, article 3.

43 15 Sec. 46. NEW SECTION. 533.315 LOANS.

43 16 1. GENERAL LENDING POWER. A state credit union may loan
43 17 to a member for a provident or productive purpose.

43 18 a. Loans are subject to the conditions contained in this
43 19 section and in the bylaws.

43 20 b. A loan may be repaid by the borrower, in whole or in
43 21 part, any day the office of the state credit union is open for
43 22 business.

43 23 c. A loan shall be made pursuant to an application with
43 24 supportive credit information.

43 25 d. The superintendent may adopt rules requiring periodic
43 26 updating of credit or financial information for all loans or
43 27 for classes of loans designated in the rules.

43 28 2. AGGREGATE LENDING TO ONE MEMBER. A state credit union
43 29 shall not lend in the aggregate to a member more than ten
43 30 percent of its member savings.

43 31 3. LENDING TO A CREDIT UNION DIRECTOR. A director of a
43 32 state credit union may borrow from that state credit union
43 33 under the provisions of this chapter, but the rates, terms,
43 34 and conditions of a loan or line of credit either made to or
43 35 endorsed or guaranteed by the director shall not be more
44 1 favorable than the rates, terms, or conditions of comparable
44 2 existing loans or lines of credit provided to other members.
44 3 The aggregate amount of all director loans and lines of credit
44 4 shall not exceed twenty-five percent of the assets of the
44 5 state credit union.

44 6 4. LOANS ON REAL PROPERTY. a. A state credit union may
44 7 make permanent loans, construction loans, combined
44 8 construction and permanent loans, or second mortgage loans
44 9 secured by liens on real property, as authorized by rules
44 10 adopted by the superintendent. The rules shall contain
44 11 provisions as necessary to ensure the safety and soundness of
44 12 these loans, and to ensure full and fair disclosure to
44 13 borrowers of the effects of provisions in agreements for these
44 14 loans, including provisions permitting change or adjustment of
44 15 any terms of a loan, provisions permitting, requiring, or
44 16 prohibiting repayment of a loan on a basis other than of equal
44 17 periodic installments of interest plus principal over a fixed
44 18 term, provisions imposing penalties for a borrower's
44 19 noncompliance with requirements of a loan agreement, or
44 20 provisions allowing or requiring a borrower to choose from
44 21 alternative courses of action at any time during the
44 22 effectiveness of a loan agreement.

44 23 b. (1) A state credit union may include in the loan
44 24 documents signed by the borrower a provision requiring the
44 25 borrower to pay the state credit union each month in addition
44 26 to interest and principal under the note an amount equal to
44 27 one-twelfth of the estimated annual real estate taxes, special
44 28 assessments, hazard insurance premium, mortgage insurance
44 29 premium, or any other payment agreed to by the borrower and
44 30 the state credit union in order to better secure the loan.
44 31 The state credit union shall be deemed to be acting in a
44 32 fiduciary capacity with respect to these funds.

44 33 (2) A state credit union receiving funds in escrow
44 34 pursuant to an escrow agreement executed on or after July 1,
44 35 1982, in connection with a loan as defined in section 535.8,
45 1 subsection 1, shall pay interest to the borrower on those
45 2 funds, calculated on a daily basis, at the rate the state
45 3 credit union pays to its members on ordinary savings deposits.
45 4 (3) A state credit union that maintains an escrow account
45 5 in connection with any loan authorized by subsection 4,
45 6 whether or not the mortgage has been assigned to a third
45 7 person, shall each year deliver to the mortgagor a written
45 8 annual accounting of all transactions made with respect to the
45 9 loan and escrow account.

45 10 c. A state credit union that obtains a report or opinion
45 11 by an attorney or from another mortgage lender relating to
45 12 defects in or liens or encumbrances on the title to real
45 13 property, the unmarketability of the title to real property,
45 14 or the invalidity or unenforceability of liens or encumbrances
45 15 on real property, shall provide a copy of the report or
45 16 opinion to the mortgagor and the mortgagor's attorney.

45 17 5. ESCROW REPORTS. A state credit union may act as an
45 18 escrow agent with respect to real property that is mortgaged
45 19 to the state credit union, and may receive funds and make
45 20 disbursements from escrowed funds in that capacity. The state
45 21 credit union shall be deemed to be acting in a fiduciary
45 22 capacity with respect to escrowed funds. A state credit union
45 23 that maintains an escrow account, whether or not a mortgage
45 24 has been assigned to a third person, shall deliver to the
45 25 mortgagor a written summary of all transactions made with
45 26 respect to the loan and escrow accounts during each calendar
45 27 year. However, the mortgagor and mortgagee may, by mutual
45 28 agreement, select a fiscal year reporting period other than
45 29 the calendar year. The summary shall be delivered or mailed
45 30 not later than thirty days following the year to which the
45 31 disclosure relates. The summary shall contain all of the
45 32 following information:

45 33 a. The name and address of the mortgagee.

45 34 b. The name and address of the mortgagor.

45 35 c. A summary of escrow account activity during the year as
46 1 follows:

46 2 (1) The balance of the escrow account at the beginning of
46 3 the year.

46 4 (2) The aggregate amount of deposits to the escrow account
46 5 during the year.

46 6 (3) The aggregate amount of withdrawals from the escrow
46 7 account for each of the following categories:

46 8 (a) Payments against loan principal.

46 9 (b) Payments against interest.

46 10 (c) Payments against real estate taxes.

46 11 (d) Payments for real property insurance premiums.

46 12 (e) All other withdrawals.

46 13 (4) The balance of the escrow account at the end of the
46 14 year.

46 15 d. A summary of loan principal for the year as follows:

46 16 (1) The amount of principal outstanding at the beginning

46 17 of the year.

46 18 (2) The aggregate amount of payments against principal
46 19 during the year.

46 20 (3) The amount of principal outstanding at the end of the
46 21 year.

46 22 6. OTHER LOANS. Loans that are not secured by real
46 23 property shall be subject to the following conditions:

46 24 a. Loans to any one member that in the aggregate exceed
46 25 the unsecured loan limit established by the board of directors
46 26 of a state credit union shall be secured by one or more
46 27 cosigners or guarantors, or by a first lien on collateral
46 28 having a value that is approximately equal to the amount in
46 29 excess of such unsecured loan limit. Every cosigner or
46 30 guarantor shall furnish the state credit union with evidence
46 31 of financial responsibility.

46 32 b. This subsection shall not be deemed to preclude a
46 33 credit committee or loan officer from requiring security for
46 34 any loan.

46 35 c. A state credit union may make loans according to any or
47 1 all of the following:

47 2 (1) Loans insured under the provisions of 20 U.S.C. }
47 3 1071-1087 or similar state programs.

47 4 (2) Loans insured by the federal housing administration
47 5 under 12 U.S.C. } 1703.

47 6 (3) Loans to families of low or moderate income as a part
47 7 of programs authorized in chapter 16.

47 8 d. The restrictions and limitations contained in this
47 9 subsection do not apply to loans made to a member credit union
47 10 by a corporate central credit union.

47 11 7. LOAN RENEWALS AND EXTENSIONS. This section shall not
47 12 prevent the renewal or extension of loans.

47 13 8. PENALTIES. The superintendent may impose a penalty on
47 14 a state credit union for each loan made in violation of this
47 15 section. If a state credit union, after notice in writing,
47 16 and opportunity for hearing, fails to satisfactorily resolve
47 17 the matter within sixty days from receipt of such notice, the
47 18 superintendent may impose a penalty against such state credit
47 19 union in an amount not to exceed one hundred dollars per day
47 20 per violation for each day the violation remains unresolved.

47 21 9. CONSUMER CREDIT CODE.

47 22 a. The provisions of the Iowa consumer credit code shall
47 23 apply to consumer loans made by a state credit union, and a
47 24 provision of that code shall supersede any conflicting
47 25 provision of this chapter with respect to a consumer loan.

47 26 b. Notwithstanding paragraph "a", a state credit union may
47 27 offer voluntary debt cancellation coverage, whether insurance
47 28 or debt waiver, to members. The amount charged for the
47 29 coverage shall be included in the amount financed, as defined
47 30 in section 537.1301. However, the charge for such coverage
47 31 may be excluded from the finance charge under the federal
47 32 Truth in Lending Act as defined in section 537.1302.

47 33 10. EARLY LOAN REPAYMENT. If a member elects to repay a
47 34 loan secured by a mortgage or deed of trust upon real property
47 35 that is a single-family or a two-family dwelling or
48 1 agricultural land at a date earlier than is required by the
48 2 terms of the loan, the state credit union shall be governed by
48 3 section 535.9.

48 4 11. INTEREST ON PREPAYMENT. Real estate loans on
48 5 one-family to four-family dwellings may be repaid in part or
48 6 in full at any time, except that a state credit union may
48 7 charge not to exceed six months' advance interest on that part
48 8 of the aggregate amount of all prepayments made on such loan
48 9 in any twelve-month period which exceeds twenty percent of the
48 10 original principal amount of the loan; and may charge any
48 11 negotiated rate on other loans. This subsection, however,
48 12 does not authorize a state credit union to charge any advance
48 13 interest or prepayment penalty where prohibited by section
48 14 535.9.

48 15 Sec. 47. NEW SECTION. 533.316 INTEREST RATES.

48 16 1. a. Interest rates on loans made by a state credit
48 17 union, other than loans secured by a mortgage or deed of trust
48 18 which is a first lien upon real property, shall not exceed the
48 19 finance charge permitted in sections 537.2401 and 537.2402 on
48 20 consumer loans.

48 21 b. Interest rates on business loans shall not exceed the
48 22 finance charge permitted by section 535.2.

48 23 2. With respect to a loan secured by a mortgage or deed of
48 24 trust which is a first lien upon real property, a state credit
48 25 union shall not charge a rate of interest that exceeds the
48 26 maximum rate permitted by section 535.2.

48 27 3. The provisions of this section do not apply to a loan

48 28 that is subject to section 636.46.

48 29 Sec. 48. NEW SECTION. 533.317 AUTHORITY TO LEASE SAFE
48 30 DEPOSIT BOXES.

48 31 1. A state credit union may lease safe deposit boxes for
48 32 the storage of property on terms and conditions prescribed by
48 33 the state credit union. The terms and conditions shall not
48 34 bind any person to whom the state credit union does not give
48 35 notice of the terms and conditions by delivery of a lease and
49 1 agreement in writing containing the terms and conditions.

49 2 2. A state credit union may limit its liability provided
49 3 that the limitations are set forth in the lease and agreement
49 4 in at least the same size and type as the other substantive
49 5 provisions of the contract.

49 6 3. The lease and agreement of a safe deposit box may
49 7 provide that evidence tending to prove that property was left
49 8 in a safe deposit box upon the last entry by the member or the
49 9 member's authorized agent, and that the property or any part
49 10 of the property was found missing upon subsequent entry, is
49 11 not sufficient to raise a presumption that the property was
49 12 lost by any negligence or wrongdoing for which the state
49 13 credit union is responsible, or put upon the state credit
49 14 union the burden of proof that the alleged loss was not the
49 15 fault of the state credit union.

49 16 4. A state credit union may lease a safe deposit box to a
49 17 minor.

49 18 a. A state credit union may deal with a minor with respect
49 19 to a safe deposit lease and agreement without the consent of a
49 20 parent, guardian, or conservator and with the same effect as
49 21 though the minor were an adult.

49 22 b. Any action of the minor with respect to such safe
49 23 deposit lease and agreement is binding on the minor with the
49 24 same effect as though the minor were an adult.

49 25 5. A state credit union that has on file a power of
49 26 attorney of a member covering a safe deposit lease and
49 27 agreement, which has not been revoked by the member, shall
49 28 incur no liability as a result of continuing to honor the
49 29 provisions of the power of attorney in the event of the death
49 30 or incompetence of the donor of the power of attorney until
49 31 the state credit union receives written notice of the death,
49 32 or written notice of adjudication by a court of the
49 33 incompetence of the member and the appointment of a guardian
49 34 or conservator.

49 35 Sec. 49. NEW SECTION. 533.318 SAFE DEPOSIT BOX ACCESS.

50 1 1. A state credit union shall permit a person named in and
50 2 authorized by a court order to open, examine, and remove the
50 3 contents of a safe deposit box located at the state credit
50 4 union.

50 5 2. If a court order has not been delivered to a state
50 6 credit union, the following persons may access and remove any
50 7 or all contents of a safe deposit box located at the state
50 8 credit union and described in an ownership or rental agreement
50 9 or lease between the state credit union and a deceased owner
50 10 or lessee:

50 11 a. A co-owner or co-lessee of the safe deposit box.

50 12 b. A person designated in the safe deposit box agreement
50 13 or lease to have access to the safe deposit box upon the death
50 14 of the lessee, to the extent provided in the safe deposit box
50 15 agreement or lease.

50 16 c. An executor or administrator of the estate of a
50 17 deceased owner or lessee upon delivery to the state credit
50 18 union of a certified copy of letters of appointment.

50 19 d. A person named as an executor in a copy of a purported
50 20 will produced by the person, provided such access shall be
50 21 limited to the removal of a purported will, and no other
50 22 contents shall be removed.

50 23 e. A trustee of a trust created by the deceased owner or
50 24 lessee upon delivery to the state credit union of a copy of
50 25 the trust together with an affidavit by the trustee that
50 26 certifies that the copy of the trust delivered to the state
50 27 credit union with the affidavit is an accurate and complete
50 28 copy of the trust, the trustee is the duly authorized and
50 29 acting trustee under the trust, the trust property includes
50 30 property in the safe deposit box, and that to the knowledge of
50 31 the trustee the trust has not been revoked.

50 32 3. A person removing any contents of a safe deposit box
50 33 pursuant to subsection 1 or 2 shall deliver any writing
50 34 purported to be a will of the decedent to the court having
50 35 jurisdiction over the decedent's estate.

51 1 4. a. If a person authorized to have access under
51 2 subsection 1 or 2 does not request access to the safe deposit
51 3 box within the thirty-day period immediately following the

51 4 date of death of the owner or lessee of a safe deposit box,
51 5 and the state credit union has knowledge of the death of the
51 6 owner or lessee of the safe deposit box, the safe deposit box
51 7 may be opened by or in the presence of two employees of the
51 8 state credit union.

51 9 b. If a safe deposit box is opened pursuant to paragraph
51 10 "a", the state credit union employees present at such opening
51 11 shall do all of the following:

51 12 (1) Remove any purported will of the deceased owner or
51 13 lessee.

51 14 (2) Unseal, copy, and retain in the records of the state
51 15 credit union a copy of a purported will removed from the safe
51 16 deposit box. An additional copy of such purported will shall
51 17 be made, dated, and signed by the credit union employees
51 18 present at the safe deposit box opening and placed in the safe
51 19 deposit box. The safe deposit box shall then be resealed.

51 20 (3) The original of a purported will shall be sent by
51 21 certified mail or restricted certified mail or personally
51 22 delivered to the district court in the county of the last
51 23 known residence of the deceased owner or lessee, or the court
51 24 having jurisdiction over the testator's estate. If the
51 25 residence is unknown or last known and not in this state, the
51 26 purported will shall be sent by certified mail or restricted
51 27 certified mail or personally delivered to the district court
51 28 in the county where the safe deposit box is located.

51 29 c. If no key is produced, the state credit union may cause
51 30 the safe deposit box to be opened and the state credit union
51 31 shall have a claim against the estate of the deceased owner or
51 32 lessee and a lien upon the contents of the safe deposit box
51 33 for the costs of opening and resealing the safe deposit box.

51 34 5. a. A state credit union may rely upon published
51 35 information or other reasonable proof of death of an owner or
52 1 lessee.

52 2 b. A state credit union has no duty to inquire about or
52 3 discover, and is not liable to any person for failure to
52 4 inquire about or discover, the death of the owner or lessee of
52 5 a safe deposit box.

52 6 c. A state credit union has no duty to open or cause to be
52 7 opened, and is not liable to any person for failure to open or
52 8 cause to be opened, a safe deposit box of a deceased owner or
52 9 lessee.

52 10 d. Upon compliance with the requirements of this section
52 11 as appropriate, the state credit union is not liable to any
52 12 person as a result of the opening of the safe deposit box,
52 13 removal and delivery of the purported will, or retention of
52 14 the unopened safe deposit box and contents.

52 15 Sec. 50. NEW SECTION. 533.319 ADVERSE CLAIMS TO PROPERTY
52 16 IN SAFE DEPOSIT AND SAFEKEEPING.

52 17 1. A state credit union shall not be required, in the
52 18 absence of a court order or indemnity required by this
52 19 section, to recognize any claim to, or claim of authority to
52 20 exercise control over, property held in safe deposit or
52 21 property held for safekeeping pursuant to section 533.321 made
52 22 by a person or persons other than the following:

52 23 a. The member in whose name the property is held by the
52 24 state credit union.

52 25 b. An individual or group of individuals who are
52 26 authorized to have access to the safe deposit box, or to the
52 27 property held for safekeeping, pursuant to a certified
52 28 corporate resolution or other written arrangement with the
52 29 member, currently on file with the state credit union, which
52 30 has not been revoked by valid corporate action in the case of
52 31 a corporation, or by a valid agreement or other valid action
52 32 appropriate for the form of legal organization of any other
52 33 member, of which the state credit union has received notice
52 34 and which is not the subject of a dispute known to the state
52 35 credit union as to its original validity. The safe deposit
53 1 and safekeeping account records of a state credit union shall
53 2 be presumptive evidence as to the identity of the member on
53 3 whose behalf the property is held.

53 4 2. A person making an adverse claim to, or an adverse
53 5 claim of authority to control, property held in a safe deposit
53 6 box or for safekeeping, must do either of the following:

53 7 a. Obtain and serve on the state credit union an
53 8 appropriate court order or judicial process directed to the
53 9 state credit union, restraining any action with respect to the
53 10 property until further order of the court or instructing the
53 11 state credit union to deliver the property, in whole or in
53 12 part, as indicated in the order or process.

53 13 b. Deliver to the state credit union a bond, in form and
53 14 amount with sureties satisfactory to the state credit union,

53 15 indemnifying the state credit union against any liability,
53 16 loss, or expense which the state credit union might incur
53 17 because of its refusal to deliver the property to any person
53 18 described in subsection 1, paragraph "a" or "b".

53 19 Sec. 51. NEW SECTION. 533.320 REMEDIES AND PROCEEDINGS
53 20 FOR NONPAYMENT OF RENT ON SAFE DEPOSIT BOX.

53 21 1. A state credit union has a lien upon the contents of a
53 22 safe deposit box for past due rentals and any expense incurred
53 23 in opening the safe deposit box, replacement of the locks on
53 24 the safe deposit box, and of a sale made pursuant to this
53 25 section.

53 26 2. If the rental of a safe deposit box is not paid within
53 27 six months from the day the rental is due, at any time after
53 28 the six months and while the rental remains unpaid, the state
53 29 credit union shall mail a notice by restricted certified mail
53 30 to the member at the member's last known address as shown upon
53 31 the records of the state credit union, stating that if the
53 32 amount due for the rental is not paid on or before a specified
53 33 day, which shall be at least thirty days after the date of
53 34 mailing such notice, the state credit union will remove the
53 35 contents of the safe deposit box and hold the contents for the

54 1 account of the member.

54 2 3. If the rental for the safe deposit box has not been
54 3 paid after the expiration of the period specified in a notice
54 4 mailed pursuant to subsection 2, the state credit union, in
54 5 the presence of two of its officers, may cause the safe
54 6 deposit box to be opened and the contents removed. An
54 7 inventory of the contents of the safe deposit box shall be
54 8 made by the two officers present and the contents held by the
54 9 state credit union for the account of the member.

54 10 4. a. If the contents are not claimed within two years
54 11 after their removal from the safe deposit box, the state
54 12 credit union may proceed to sell so much of the contents as is
54 13 necessary to pay the past due rentals and expense incurred in
54 14 opening the safe deposit box, replacement of the locks on the
54 15 safe deposit box, and the sale of the contents.

54 16 b. The sale shall be held at the time and place specified
54 17 in a notice published prior to the sale once each week for two
54 18 successive weeks in a newspaper of general circulation
54 19 published in the city or unincorporated area in which the
54 20 state credit union has its principal place of business, or if
54 21 there is none, a newspaper of general circulation published in
54 22 the county, or in a county adjoining the county, in which the
54 23 state credit union has its principal place of business.

54 24 c. A copy of the published notice shall be mailed to the
54 25 member at the member's last known address as shown upon the
54 26 records of the state credit union.

54 27 d. The notice shall contain the name of the member and
54 28 need only describe the contents of the safe deposit box in
54 29 general terms.

54 30 e. The contents of any number of safe deposit boxes may be
54 31 sold under one notice of sale and the cost of the sale
54 32 apportioned ratably among the several safe deposit box members
54 33 involved.

54 34 f. At the time and place designated in the notice the
54 35 contents taken from each respective safe deposit box shall be
55 1 sold separately to the highest bidder for cash and the
55 2 proceeds of each sale applied to the rentals and expenses due
55 3 to the state credit union and the residue from any such sale
55 4 shall be held by the state credit union for the account of the
55 5 member or members.

55 6 g. An amount held as proceeds from such sale shall be
55 7 credited with interest at the customary annual rate for
55 8 savings accounts at the state credit union, or in lieu, at the
55 9 customary rate of interest in the community where such
55 10 proceeds are held. The crediting of interest does not
55 11 activate the account to avoid an abandonment as unclaimed
55 12 property under chapter 556.

55 13 5. a. Notwithstanding the provisions of this section,
55 14 shares, bonds, or other securities which, at the time of a
55 15 sale pursuant to subsection 4, are listed on an established
55 16 stock exchange in the United States shall not be sold at
55 17 public sale but may be sold through an established stock
55 18 exchange.

55 19 b. Upon making a sale of any such securities, an officer
55 20 of the state credit union shall execute and attach to the
55 21 securities an affidavit reciting facts showing that the
55 22 securities were sold pursuant to this section, and that the
55 23 state credit union has complied with the provisions of this
55 24 section. The affidavit constitutes sufficient authority to
55 25 any corporation whose shares are sold or to any registrar or

55 26 transfer agent of such corporation to cancel the certificates
55 27 representing the shares to the purchaser of the shares, and to
55 28 any registrar, trustee, or transfer agent of registered bonds
55 29 or other securities, to register any such bonds or other
55 30 securities in the name of the purchaser of the bonds or other
55 31 securities.

55 32 6. The proceeds of any sale made pursuant to this section,
55 33 after the payment of any amounts with respect to which the
55 34 state credit union has a lien, any property that was not
55 35 offered for sale and property which, although offered for
56 1 sale, was not sold, shall be retained by the state credit
56 2 union until such time as the property is presumed abandoned
56 3 according to section 556.2, and shall be handled pursuant to
56 4 chapter 556.

56 5 Sec. 52. NEW SECTION. 533.321 AUTHORITY TO RECEIVE
56 6 PROPERTY FOR SAFEKEEPING.

56 7 1. A state credit union may accept property for
56 8 safekeeping if the state credit union issues a receipt for the
56 9 property, except in the case of night depositories.

56 10 a. A state credit union accepting property for safekeeping
56 11 shall purchase and maintain reasonable insurance coverage to
56 12 ensure against loss incurred in connection with the acceptance
56 13 of property for safekeeping.

56 14 b. Property held for safekeeping shall not be commingled
56 15 with the property of the state credit union or the property of
56 16 others.

56 17 2. A state credit union has a lien upon any property held
56 18 for safekeeping and for expenses incurred in any sale made
56 19 pursuant to this subsection.

56 20 a. If the charge for safekeeping of property is not paid
56 21 within six months from the day the charge is due, at any time
56 22 after the six months and while the charge remains unpaid, the
56 23 state credit union may mail a notice to the member at the
56 24 member's last known address as shown upon the records of the
56 25 state credit union, stating that if the amount due is not paid
56 26 on or before a specified day, which shall be at least thirty
56 27 days after the date of mailing the notice, the state credit
56 28 union will remove the property from safekeeping and hold the
56 29 property for the account of the member.

56 30 b. After the expiration of the period specified in the
56 31 notice, if the charge for safekeeping has not been paid, the
56 32 state credit union may remove the property from safekeeping,
56 33 cause the property to be inventoried, and hold the property
56 34 for the account of the member.

56 35 c. If the property is not claimed within two years after
57 1 its removal from safekeeping, the state credit union may
57 2 proceed to sell so much of the property as is necessary to pay
57 3 the charge which remains unpaid and the expense incurred in
57 4 making the sale in the manner provided for in section 533.320,
57 5 subsections 4 and 5.

57 6 d. The proceeds of any sale made pursuant to this section,
57 7 after payment of any amounts with respect to which the state
57 8 credit union has a lien, any property that was not offered for
57 9 sale, and property which, although offered for sale, was not
57 10 sold, shall be retained by the state credit union until such
57 11 time as the property is presumed abandoned according to
57 12 section 556.2, and shall be handled pursuant to chapter 556.

57 13 Sec. 53. NEW SECTION. 533.322 PRESERVATION OF RECORDS.

57 14 1. The superintendent may adopt rules regarding the
57 15 preservation of records and files of a state credit union or
57 16 any other person supervised or regulated by the
57 17 superintendent. A state credit union is not required to
57 18 preserve its records for a period longer than eleven years
57 19 after the first day of January of the year following the time
57 20 of the making or filing of such records. However, account
57 21 records showing unpaid balances due to depositors shall not be
57 22 destroyed.

57 23 2. A copy of an original may be kept in lieu of any
57 24 original records.

57 25 a. For purposes of this section, a copy includes any
57 26 duplicate, rerecording or reproduction of an original record
57 27 from any photograph, photostat, microfilm, microcard,
57 28 miniature or microphotograph, computer printout,
57 29 electronically stored data or image, or other process that
57 30 accurately reproduces or forms a durable medium for accurately
57 31 and legibly reproducing an unaltered image or reproduction of
57 32 the original record.

57 33 b. A copy is deemed to be an original and shall be treated
57 34 as an original record in a judicial or administrative
57 35 proceeding for purposes of admissibility in evidence. A
58 1 facsimile, exemplification, or certified copy of any such copy

58 2 reproduced from a film record is deemed to be a facsimile,
58 3 exemplification, or certified copy of the original.

58 4 Sec. 54. NEW SECTION. 533.323 PHOTOGRAPHIC RECORDS.

58 5 1. Any state credit union writing or record, or a
58 6 photostatic or photographic reproduction of such writing or
58 7 record, whether in the form of an entry in a book or
58 8 otherwise, made as a memorandum or record of any act,
58 9 transaction, occurrence, or event, shall be admissible in
58 10 evidence as proof of the act, transaction, occurrence, or
58 11 event, if made in the regular course of business.

58 12 2. A printout or other tangible output, readable by sight,
58 13 shown to accurately reflect data contained in a promissory
58 14 note, negotiable instrument, or letter of credit, that
58 15 contains a signature made or created by electronic or digital
58 16 means such that it is stored by a computer or similar device,
58 17 is deemed to be an original of such note, instrument, or
58 18 letter for purposes of presenting such note, instrument, or
58 19 letter for payment, acceptance, or honor, or for purposes of a
58 20 judicial proceeding involving a claim based upon such note,
58 21 instrument, or letter.

58 22 Sec. 55. NEW SECTION. 533.324 LIABILITY FOR DESTRUCTION.

58 23 1. With the exception of certain account records which
58 24 shall not be destroyed pursuant to section 533.322, liability
58 25 shall not accrue against a state credit union for destroying
58 26 records if the records were maintained for the minimum time
58 27 provided for in this chapter.

58 28 2. In any cause or proceeding in which state credit union
58 29 records or files may be called in question or be demanded of
58 30 the state credit union, or any officer or employee of the
58 31 state credit union, a showing that such records or files have
58 32 been destroyed in accordance with the provisions of this
58 33 chapter or rules adopted pursuant to this chapter shall be a
58 34 sufficient excuse for the failure to produce them.

58 35 Sec. 56. NEW SECTION. 533.325 CONFIDENTIALITY OF STATE
59 1 CREDIT UNION INFORMATION.

59 2 1. The directors, officers, committee members, and
59 3 employees of a state credit union shall hold in confidence all
59 4 information regarding transactions of the state credit union,
59 5 including information regarding transactions with its members
59 6 and their personal affairs, except to the extent necessary in
59 7 connection with making, extending, or collecting a loan or
59 8 line of credit, guaranteeing of member share drafts by third
59 9 parties, or complying with the examination of credit union
59 10 records by regulatory authorities or compliance with an order
59 11 from a court having jurisdiction over the state credit union.

59 12 2. The board of directors may authorize participation of a
59 13 state credit union in a credit or consumer reporting agency if
59 14 the board has determined that use of such an agency is
59 15 essential in making and extending a loan or line of credit, or
59 16 guaranteeing member share drafts, and that information
59 17 supplied by the state credit union to such agency will be made
59 18 available only to legitimate members of that agency having a
59 19 legitimate business need for the information in connection
59 20 with a business transaction involving the state credit union.

59 21 Sec. 57. NEW SECTION. 533.326 GOVERNMENTAL EMPLOYEES.

59 22 1. When a state credit union has been organized by the
59 23 employees of the state or any political subdivision of the
59 24 state, the officer who writes warrants for the state or other
59 25 governmental body by which any public employee state credit
59 26 union member is employed, may withhold from the salary or
59 27 wages of the employee, and pay over to such state credit
59 28 union, sums as may be designated by written authorization
59 29 signed by the employee.

59 30 2. The provisions of section 539.4 shall have no
59 31 application to this section.

59 32 Sec. 58. NEW SECTION. 533.327 CHANGE IN PLACE OF
59 33 BUSINESS.

59 34 A state credit union may change its place of business on
59 35 written notice to the superintendent.

60 1 Sec. 59. NEW SECTION. 533.328 CONDUCTING BUSINESS

60 2 OUTSIDE OF STATE.

60 3 If a state credit union has an office and conducts business
60 4 in another state having laws or regulations allowing credit
60 5 unions to exercise additional powers, the state credit union
60 6 may request permission from the superintendent to exercise
60 7 such additional powers while operating in the other state with
60 8 only the resident members of that other state.

60 9 Sec. 60. NEW SECTION. 533.329 TAXATION.

60 10 1. A state credit union shall be deemed an institution for
60 11 savings and is subject to taxation only as to its real estate
60 12 and moneys and credits. The shares shall not be taxed.

60 13 2. a. The moneys and credits tax on state credit unions
60 14 is imposed at a rate of one-half cent on each dollar of the
60 15 legal and special reserves that are required to be maintained
60 16 by the state credit union under section 533.303, and shall be
60 17 levied by the board of supervisors and placed upon the tax
60 18 list and collected by the county treasurer. However, an
60 19 exemption shall be given to each state credit union in the
60 20 amount of forty thousand dollars.

60 21 b. The amount collected in each taxing district within a
60 22 city shall be apportioned twenty percent to the county, thirty
60 23 percent to the city general fund, and fifty percent to the
60 24 general fund of the state, and the amount collected in each
60 25 taxing district outside of cities shall be apportioned fifty
60 26 percent to the county and fifty percent to the general fund of
60 27 the state.

60 28 c. The moneys and credits tax shall be collected at the
60 29 location of the state credit union as shown in its articles of
60 30 incorporation.

60 31 d. The moneys and credits tax imposed under this section
60 32 shall be reduced by a tax credit authorized pursuant to
60 33 section 15.331C for certain sales taxes paid by a third-party
60 34 developer.

60 35 e. The moneys and credits tax imposed under this section
61 1 shall be reduced by an investment tax credit authorized
61 2 pursuant to section 15.333.

61 3 f. The moneys and credits tax imposed under this section
61 4 shall be reduced by an investment tax credit authorized
61 5 pursuant to section 15E.43.

61 6 g. The moneys and credits tax imposed under this section
61 7 shall be reduced by an investment tax credit authorized
61 8 pursuant to section 15E.51.

61 9 h. The moneys and credits tax imposed under this section
61 10 shall be reduced by an Iowa fund of funds tax credit
61 11 authorized pursuant to section 15E.66.

61 12 i. The moneys and credits tax imposed under this section
61 13 shall be reduced by an economic development region revolving
61 14 fund contribution tax credit authorized pursuant to section
61 15 15E.232.

61 16 j. The moneys and credits tax imposed under this section
61 17 shall be reduced by an endow Iowa tax credit authorized
61 18 pursuant to section 15E.305.

61 19 k. The moneys and credits tax imposed under this section
61 20 shall be reduced by a wage-benefits tax credit authorized
61 21 pursuant to section 15I.2.

61 22 Sec. 61. NEW SECTION. 533.330 REPORTS.

61 23 1. A state credit union shall report quarterly at a
61 24 specified time to the superintendent in a format prescribed by
61 25 the superintendent for that purpose.

61 26 a. If any quarterly report is in arrears, a penalty of one
61 27 hundred dollars for each day or fraction of a day such report
61 28 is in arrears may be levied by the superintendent against the
61 29 offending state credit union. This penalty shall be in
61 30 addition to the penalty for failure to pay the annual fee
61 31 pursuant to section 533.112.

61 32 b. If a quarterly report is not provided to the
61 33 superintendent within thirty days of the due date, the
61 34 superintendent may, after written notice to the board of
61 35 directors of the state credit union, suspend or revoke the
62 1 certificate of approval, take possession of the business and
62 2 property of the state credit union, and order its dissolution.

62 3 2. In addition to the quarterly report, the superintendent
62 4 may, from time to time, require a state credit union to
62 5 provide other supplemental reports at a specified time.
62 6 Failure of a state credit union to provide supplemental
62 7 reports when due may result in the superintendent levying a
62 8 penalty of fifty dollars per day for each day or fraction of a
62 9 day such report is late.

62 10 Sec. 62. NEW SECTION. 533.401 MERGER.

62 11 1. With the approval of the superintendent, a state credit
62 12 union may merge with another credit union under the existing
62 13 certificate of approval of the other credit union if the
62 14 merger is pursuant to a plan agreed upon by a majority of the
62 15 board of directors of each credit union joining in the merger
62 16 and the merger is approved by the affirmative vote of a
62 17 majority of the members of the merging credit union either by
62 18 mail or in person at a meeting called for the purpose of
62 19 voting on the merger.

62 20 2. A plan of merger, whether by act of consolidation,
62 21 acquisition, or business combination, along with evidence that
62 22 the plan has been approved by the members of the merging
62 23 credit union in accordance with the provisions of this

62 24 section, shall be submitted to the superintendent, along with
62 25 any additional materials the superintendent may request.

62 26 3. The superintendent may approve a merger according to
62 27 the plan agreed upon by the majority of the board of directors
62 28 of each credit union if the superintendent receives a written
62 29 and verified application filed by the board of directors of
62 30 each credit union and finds all of the following:

62 31 a. Notice of the meeting called to consider the merger was
62 32 mailed to each member of the merging credit union entitled to
62 33 vote upon the question at least twenty days prior to the date
62 34 of the merger meeting.

62 35 b. The notice disclosed the purpose of the meeting and
63 1 properly informed the membership that approval of the merger
63 2 would be sought pursuant to this section.

63 3 c. At the meeting called to consider the merger, a
63 4 majority of the votes received, by regular mail or in person,
63 5 upon the question were in favor of the merger.

63 6 d. Control of the merging credit union shall transfer to
63 7 the board of directors of the continuing credit union upon
63 8 approval of the merger by the superintendent and the favorable
63 9 vote of a majority of the members as prescribed in paragraph
63 10 "c". Upon transfer of control, the board of directors of the
63 11 merging credit union may only do such things necessary to
63 12 execute the merger.

63 13 4. The superintendent may disapprove a merger if the
63 14 superintendent finds either of the following:

63 15 a. The merger would not result in a safe and sound credit
63 16 union.

63 17 b. The procedures required by this section, particularly
63 18 those used to obtain member approval for the merger, were not
63 19 followed or were irregular.

63 20 5. The superintendent may waive the membership merger vote
63 21 if the superintendent finds that an emergency exists which
63 22 justifies the waiver.

63 23 6. The certificate of merger and a copy of the agreed plan
63 24 of merger shall be forwarded to the superintendent, certified
63 25 by the superintendent, and returned to both credit unions
63 26 within thirty days of the date of receipt by the
63 27 superintendent.

63 28 7. a. Upon return of the certificate from the
63 29 superintendent, all of the merging credit union's property,
63 30 property rights, and members' interests shall vest in the
63 31 continuing credit union without the legal need for deeds,
63 32 endorsements or other instruments of transfer, and all debts,
63 33 obligations, and liabilities of the merging credit union shall
63 34 be assumed by the continuing credit union.

63 35 b. The rights and privileges of the members of the merging
64 1 credit union shall continue as provided in the plan.

64 2 c. Credit union membership in the continuing credit union
64 3 shall be available to persons within the common bond of the
64 4 merging credit union.

64 5 8. This section shall be construed to permit a credit
64 6 union organized under any other statute to merge with one
64 7 organized under this chapter, or to permit one organized under
64 8 this chapter to merge with one organized under any other
64 9 statute.

64 10 9. As used in the section, the term "merger" or "merge"
64 11 means the combination of assets and liabilities of one credit
64 12 union with those of another credit union such that one credit
64 13 union continues and the other credit union surrenders its
64 14 charter to operate as a credit union.

64 15 Sec. 63. NEW SECTION. 533.402 CONVERSION OF FINANCIAL
64 16 INSTITUTION TO STATE CREDIT UNION.

64 17 1. Any financial institution may convert to a state credit
64 18 union by complying with the laws of the original chartered
64 19 authority and upon the approval of the superintendent. As
64 20 used in this section, "financial institution" means any credit
64 21 union, bank, savings bank, or savings and loan association
64 22 chartered under federal or state law.

64 23 a. Application for approval of the conversion to a state
64 24 credit union shall be submitted to the superintendent in the
64 25 form prescribed by the superintendent, together with the
64 26 articles of incorporation and bylaws as required for
64 27 organization of a state credit union pursuant to this chapter.

64 28 b. The superintendent may cause an examination to be made
64 29 of any converting financial institution. The converting
64 30 financial institution shall reimburse the superintendent for
64 31 the division's costs related to the conversion.

64 32 2. a. If the superintendent approves the application of a
64 33 financial institution for conversion to a state credit union,
64 34 the superintendent shall cause the articles of incorporation

64 35 of the resulting state credit union to be filed and recorded
65 1 in the county in which the state credit union has its
65 2 principal place of business and the superintendent shall issue
65 3 a certificate of authority to do business under the laws of
65 4 this state to the resulting state credit union. The financial
65 5 institution shall then become a state credit union subject to
65 6 the laws of this state.

65 7 b. The superintendent shall furnish a copy of the
65 8 certificate to the administrator of the national credit union
65 9 administration.

65 10 3. a. Upon conversion, the existence of the original
65 11 financial institution shall cease.

65 12 b. The state credit union resulting from the conversion
65 13 shall have only the authority to engage in the business and
65 14 exercise the powers of a state credit union.

65 15 4. a. A liability of the original financial institution
65 16 or of its members, directors, or officers shall not be
65 17 affected, and any lien on any property of the financial
65 18 institution shall not be impaired by the conversion.

65 19 b. Any claim existing or action pending by or against the
65 20 original financial institution may be prosecuted to judgment
65 21 as if the conversion had not taken place, or the resulting
65 22 state credit union may be substituted in its place.

65 23 Sec. 64. NEW SECTION. 533.403 CONVERSION OF STATE CREDIT
65 24 UNION INTO FEDERAL CREDIT UNION.

65 25 1. A state credit union may convert into a federal credit
65 26 union with the approval of the administrator of the national
65 27 credit union administration and by the affirmative vote of a
65 28 majority of the credit union's members who vote on the
65 29 proposal. This vote, if taken, shall be at a meeting called
65 30 for that purpose and shall be in the manner prescribed by the
65 31 bylaws.

65 32 2. The board of directors of the state credit union shall
65 33 notify the superintendent of any proposed conversion and of
65 34 any abandonment or disapproval of the conversion by the
65 35 members or by the administrator of the national credit union
66 1 administration. The board of directors of the state credit
66 2 union shall file with the superintendent appropriate evidence
66 3 of approval of the conversion by the administrator of the
66 4 national credit union administration and shall notify the
66 5 superintendent of the date on which the conversion is to be
66 6 effective.

66 7 3. Upon receipt of satisfactory proof that the state
66 8 credit union has complied with all applicable laws of this
66 9 state and of the United States, the superintendent shall issue
66 10 a certificate of conversion which shall be filed and recorded
66 11 in the county in which the state credit union has its
66 12 principal place of business and in the county in which its
66 13 original articles of incorporation were filed and recorded.

66 14 Sec. 65. NEW SECTION. 533.404 DISSOLUTION GENERALLY.

66 15 The following shall apply to dissolution of a state credit
66 16 union under this chapter, whether voluntary or involuntary:

66 17 1. Distribution of the assets of the state credit union
66 18 shall be made in the following order:

66 19 a. The payment of costs and expense of the administrator
66 20 of dissolution.

66 21 b. The payment of claims for public funds deposited
66 22 pursuant to chapter 12C and the payment of claims which are
66 23 given priority by applicable statutes. If the assets are
66 24 insufficient for payment of the claims in full, priority shall
66 25 be determined by the statutes or, in the absence of
66 26 conflicting provisions, on a pro rata basis.

66 27 c. The payment of deposits, including accrued interest, up
66 28 to the date of the special meeting of the members at which
66 29 voluntary dissolution was authorized, or in the case of
66 30 involuntary dissolution, the date of appointment of a
66 31 receiver.

66 32 d. The pro rata apportionment of the balance among the
66 33 members of record on the date of the special meeting of the
66 34 members at which voluntary dissolution was authorized, or in
66 35 the case of involuntary dissolution, the members of record on
67 1 the date of appointment of a receiver.

67 2 2. All amounts due members who are unknown, or who are
67 3 under a disability and no person is legally competent to
67 4 receive the amounts, or who cannot be found after the exercise
67 5 of reasonable diligence, shall be transmitted to the treasurer
67 6 of state who shall hold the amounts in the manner prescribed
67 7 by chapter 556. All amounts due creditors as described in
67 8 section 490.1440 shall be transmitted to the treasurer of
67 9 state in accordance with that section and shall be retained by
67 10 the treasurer of state and subject to claim as provided for in

67 11 that section.

67 12 3. The superintendent shall assume custody of the records
67 13 of a state credit union dissolved pursuant to this chapter and
67 14 shall retain the records which, in the superintendent's
67 15 discretion, are deemed necessary, in accordance with the
67 16 provisions of section 533.322. The superintendent may cause
67 17 film, photographic, photostatic, or other copies of the
67 18 records to be made and the superintendent shall retain the
67 19 copies in lieu of the original records.

67 20 4. a. The dissolution of a state credit union shall not
67 21 remove or impair any remedy available to or against such state
67 22 credit union, its directors, officers, or members for any
67 23 right or claim existing or any liability incurred prior to
67 24 such dissolution if an action or other proceeding to enforce
67 25 the right or claim is commenced within two years after the
67 26 date of filing of a certificate or decree of dissolution with
67 27 the county recorder in the county in which the state credit
67 28 union has its principal place of business.

67 29 b. Any such action or proceeding by or against the state
67 30 credit union may be prosecuted or defended by the state credit
67 31 union in its corporate name.

67 32 c. The members, directors, and officers shall have power
67 33 to take such corporate or other action as shall be appropriate
67 34 to protect such remedy, right, or claim.

67 35 Sec. 66. NEW SECTION. 533.405 VOLUNTARY DISSOLUTION.

68 1 The process of voluntary dissolution shall be as follows:

68 2 1. At a special meeting called for that purpose, a state
68 3 credit union may dissolve upon the affirmative vote of a
68 4 majority of its members eligible to vote at the special
68 5 meeting.

68 6 a. Notice of the meeting's purpose shall be contained in
68 7 the meeting's notice.

68 8 b. Any member eligible to vote and not present at the
68 9 meeting may, within twenty days after the date on which the
68 10 meeting was held, vote in favor of dissolution by signing a
68 11 statement in a form approved by the superintendent. This vote
68 12 shall have the same force and effect as if cast at the
68 13 meeting.

68 14 2. a. The state credit union shall cease to do business
68 15 except for the purposes of liquidation immediately upon giving
68 16 notice of the special meeting called for the members' vote on
68 17 dissolution.

68 18 b. The board of directors shall immediately notify the
68 19 superintendent of the intention of the state credit union to
68 20 dissolve.

68 21 c. The state credit union shall not resume its regular
68 22 business unless the dissolution fails to receive the required
68 23 vote of the members or unless the members have revoked prior
68 24 affirmative action to dissolve as provided for in subsection
68 25 6.

68 26 3. a. The board of directors shall have power to
68 27 terminate and settle the affairs of a state credit union in
68 28 voluntary dissolution.

68 29 b. The state credit union shall continue in existence for
68 30 the purpose of discharging its liabilities, collecting and
68 31 distributing its assets, and doing all acts required in order
68 32 to terminate its affairs.

68 33 c. The state credit union may sue and be sued for the
68 34 purpose of enforcing such liabilities and for the purpose of
68 35 collecting its assets until its affairs are fully settled.

69 1 d. During the course of dissolution proceedings, the state
69 2 credit union shall make such reports and shall be subject to
69 3 such examinations as the superintendent may require.

69 4 e. If at any time after the affirmative vote of a majority
69 5 of the members of a state credit union to dissolve the state
69 6 credit union, the superintendent finds that the state credit
69 7 union is not making reasonable progress toward terminating its
69 8 affairs, the superintendent may apply to the district court
69 9 for appointment of a receiver to terminate the affairs of the
69 10 state credit union.

69 11 f. If the superintendent finds that a dissolving state
69 12 credit union is insolvent, the superintendent may proceed as
69 13 otherwise provided in this chapter.

69 14 4. a. The board of directors may appoint by resolution
69 15 any responsible person as defined in section 4.1, whose
69 16 appointment has been approved by the superintendent, to
69 17 exercise its powers to terminate and settle the affairs of the
69 18 state credit union pursuant to this section.

69 19 b. The superintendent may adopt rules establishing the
69 20 qualifications that must be met by such appointees, including
69 21 but not limited to filing a surety bond with the

69 22 superintendent.

69 23 5. a. Upon such proof as is satisfactory to the
69 24 superintendent that all assets have been liquidated from which
69 25 there is a reasonable expectance of realization, that the
69 26 liabilities of the state credit union have been discharged and
69 27 distribution made to its members, and that the liquidation has
69 28 been completed, the superintendent shall issue a certificate
69 29 of dissolution, which certificate shall be filed and recorded
69 30 in the county in which the state credit union has its
69 31 principal place of business and in the county in which its
69 32 original articles of incorporation were filed and recorded.

69 33 b. Upon the issuance of a certificate of dissolution, the
69 34 existence of the state credit union shall cease.

69 35 6. a. At any time prior to any distribution of its
70 1 assets, a state credit union may revoke the voluntary
70 2 dissolution proceedings by the affirmative vote of a majority
70 3 of its members eligible to vote. This vote, if taken, shall
70 4 be at a special meeting called for that purpose in the manner
70 5 prescribed by the bylaws.

70 6 b. The board of directors shall immediately notify the
70 7 superintendent of any such action to revoke voluntary
70 8 dissolution proceedings.

70 9 Sec. 67. NEW SECTION. 533.406 STATE CREDIT UNION MERGER,
70 10 CONVERSION, OR DISSOLUTION.

70 11 Notwithstanding section 533.301, subsection 25, a state
70 12 credit union shall comply with the state law requirements for
70 13 merger, conversion, or dissolution of a state credit union.

70 14 Sec. 68. NEW SECTION. 533.501 SUPERVISORY ACTION.

70 15 1. CEASE AND DESIST ORDER.

70 16 a. (1) If the superintendent has reason to believe that
70 17 an officer, director, employee, or committee member of a state
70 18 credit union has violated any law, rule, or cease and desist
70 19 order relating to a state credit union, or has engaged in an
70 20 unsafe or unsound practice in conducting the business of a
70 21 state credit union, the superintendent may cause notice to be
70 22 served upon the officer, director, employee, or committee
70 23 member to appear before the superintendent to show cause why
70 24 the person should not be removed from office or employment. A
70 25 copy of such notice shall be sent by certified mail or
70 26 restricted certified mail to each director of the state credit
70 27 union affected.

70 28 (2) If the superintendent finds that the accused has
70 29 violated a law, rule, or cease and desist order relating to a
70 30 state credit union, or has engaged in an unsafe or unsound
70 31 practice in conducting the business of a state credit union,
70 32 after granting the accused a hearing before an independent
70 33 administrative law judge, the superintendent in the
70 34 superintendent's discretion may order that the accused be
70 35 removed from office and from any position of employment with
71 1 the state credit union. The superintendent may further order
71 2 that the accused not accept employment in any state credit
71 3 union under the superintendent's jurisdiction without the
71 4 superintendent's prior approval.

71 5 (3) A copy of the order shall be served upon the accused
71 6 and upon the state credit union affected, at which time the
71 7 accused shall cease to be an officer, director, employee, or
71 8 committee member of the state credit union.

71 9 b. (1) If the superintendent determines that a state
71 10 credit union has violated any of the provisions of this
71 11 chapter, after notice and opportunity for hearing, the
71 12 superintendent shall order the state credit union to correct
71 13 the violation, except when the state credit union is
71 14 insolvent.

71 15 (2) The superintendent may specify the manner in which the
71 16 violation is to be corrected and grant the state credit union
71 17 not more than sixty days within which to comply with the
71 18 order.

71 19 (3) The superintendent may revoke a state credit union's
71 20 certificate of approval for failure to comply with the order.

71 21 (4) If the certificate of approval has been revoked, the
71 22 superintendent may apply to the district court of the county
71 23 in which the state credit union is located for the appointment
71 24 of a receiver for the state credit union.

71 25 2. SUMMARY CEASE AND DESIST ORDER.

71 26 a. (1) If it appears to the superintendent that a state
71 27 credit union, or any director, officer, employee, or committee
71 28 member of a state credit union, is engaging in or is about to
71 29 engage in an unsafe or unsound practice or dishonest act in
71 30 conducting the business of the state credit union that is
71 31 likely to cause insolvency or substantial dissipation of
71 32 assets or earnings of the state credit union, or is likely to

71 33 seriously weaken the condition of the state credit union or
71 34 otherwise seriously prejudice the interests of its members,
71 35 the superintendent may issue an interim summary cease and
72 1 desist order requiring the state credit union, or any
72 2 director, officer, employee, or committee member, to cease and
72 3 desist from any such practice or act, and may take affirmative
72 4 action, including suspension of the director, officer,
72 5 employee, or committee member to prevent such insolvency,
72 6 dissipation, condition, or prejudice.

72 7 (2) The interim order shall become effective upon personal
72 8 service upon the state credit union, or upon the director,
72 9 officer, employee, or committee member of the state credit
72 10 union, and remain effective and enforceable pending the
72 11 completion of administrative proceedings conducted pursuant to
72 12 this section and issuance of a final order.

72 13 b. (1) The interim order shall contain a concise
72 14 statement of the facts constituting the alleged unsafe or
72 15 unsound practice or alleged dishonest act, and shall fix a
72 16 time and place at which a hearing will be held to determine
72 17 whether a final order to cease and desist should issue against
72 18 the state credit union, or any director, officer, employee, or
72 19 committee member.

72 20 (2) The hearing shall be fixed for a date not later than
72 21 thirty days after service of the interim order unless a later
72 22 date is set at the request of the party served.

72 23 (3) If the state credit union, or the director, officer,
72 24 employee, or committee member, fails to appear at the hearing,
72 25 the state credit union, or the director, officer, employee, or
72 26 committee member, is deemed to have consented to the issuance
72 27 of a final cease and desist order.

72 28 (4) In the event of such consent, or if upon the record
72 29 made at the hearing the superintendent finds that any unsafe
72 30 or unsound practice or dishonest act specified in the interim
72 31 order has been established, the superintendent may issue and
72 32 serve upon the state credit union, or the director, officer,
72 33 employee, or committee member, a final order to cease and
72 34 desist from any such practice or act. The order may require
72 35 the state credit union, or the director, officer, employee, or
73 1 committee member, to cease and desist from any such practice
73 2 or act and direct affirmative action, including suspension of
73 3 the director, officer, employee, or committee member.

73 4 c. (1) A hearing provided for in this section shall be
73 5 presided over by an administrative law judge appointed in
73 6 accordance with section 17A.11.

73 7 (2) The hearing shall be private, unless the
73 8 superintendent determines after full consideration of the
73 9 views of the party afforded the hearing, that a public hearing
73 10 is necessary to protect the public interest.

73 11 (3) After the hearing, and within thirty days after the
73 12 case has been submitted for decision, the superintendent shall
73 13 review the proposed order of the administrative law judge and
73 14 render a final decision, including findings of fact upon which
73 15 the decision is predicated, and issue and serve upon each
73 16 party to the proceeding an order consistent with this section.

73 17 (4) Records and information relating to the hearing shall
73 18 be confidential and not subject to subpoena. Such records and
73 19 information shall not constitute a public record subject to
73 20 examination or copying under chapter 22.

73 21 d. Any final order issued by the superintendent shall
73 22 become effective upon service upon the state credit union,
73 23 director, officer, employee, or committee member.

73 24 e. In the case of violation or threatened violation of, or
73 25 failure to obey, an order, the superintendent may apply to the
73 26 district court of the county in which the state credit union
73 27 has its principal place of business for the enforcement of the
73 28 order and such court shall have jurisdiction and power to
73 29 order and require compliance with the order.

73 30 f. (1) Within ten days after a state credit union or any
73 31 director, officer, employee, or committee member is served
73 32 with a summary cease and desist order, the state credit union
73 33 or director, officer, employee, or committee member affected
73 34 may apply to the district court in the county in which the
73 35 state credit union has its principal place of business for an
74 1 injunction setting aside, limiting, or suspending the
74 2 enforcement, operation, or effectiveness of the interim order
74 3 pending the completion of administrative proceedings.

74 4 (2) If serious prejudice to the interests of the
74 5 superintendent, the state credit union, or the officer,
74 6 director, employee, or committee member would result from a
74 7 court hearing, the court may order the judicial proceeding to
74 8 be conducted in camera.

74 9 Sec. 69. NEW SECTION. 533.502 GROUNDS FOR MANAGEMENT OF
74 10 STATE CREDIT UNION BY SUPERINTENDENT.

74 11 1. Notwithstanding any other provision of this chapter,
74 12 the superintendent may take over the management of the
74 13 property and business of a state credit union when it appears
74 14 to the superintendent that any of the following actions have
74 15 occurred or conditions exist:

74 16 a. The state credit union has violated any law of this
74 17 state.

74 18 b. The capital of the state credit union is impaired.

74 19 c. The state credit union is conducting its business in an
74 20 unsafe or unsound manner.

74 21 d. The state credit union is in such condition that it is
74 22 unsound, unsafe, or inexpedient for it to transact business.

74 23 e. The state credit union has suspended or refused payment
74 24 of its deposits or other liabilities.

74 25 f. The state credit union refuses to make its records
74 26 available to the superintendent for examination or otherwise
74 27 refuses to make available, through an officer or employee
74 28 having knowledge, information required by the superintendent
74 29 for the proper discharge of the duties of the superintendent's
74 30 office.

74 31 g. The state credit union neglects or refuses to observe
74 32 any order of the superintendent made pursuant to the
74 33 provisions of this chapter, unless the enforcement of such
74 34 order is stayed in a court proceeding brought by the state
74 35 credit union.

75 1 h. The state credit union has not transacted any business
75 2 or performed any of the duties contemplated by its
75 3 authorization to do business for a period of at least one
75 4 hundred eighty days.

75 5 2. The superintendent shall thereafter manage the property
75 6 and business of the state credit union until such time as the
75 7 superintendent may relinquish to the state credit union the
75 8 management, upon such conditions as the superintendent may
75 9 prescribe, or until the affairs of the state credit union are
75 10 finally dissolved as provided in this chapter.

75 11 3. Judicial review of the actions of the superintendent
75 12 may be sought in accordance with chapter 17A. However,
75 13 contested case provisions of chapter 17A, the Iowa
75 14 administrative procedure Act, do not apply to an action by the
75 15 superintendent to take over the management of or to manage a
75 16 state credit union, as authorized by this section.

75 17 Sec. 70. NEW SECTION. 533.503 SUPERINTENDENT AS
75 18 RECEIVER.

75 19 1. In all situations in which the superintendent has been
75 20 appointed as receiver as provided in this chapter, the
75 21 superintendent shall make a diligent effort to collect and
75 22 realize on the assets of the state credit union, and shall
75 23 make distribution of the proceeds from time to time to those
75 24 entitled in the order provided for by law.

75 25 a. The superintendent may execute as receiver, or after
75 26 the receivership has terminated, assignments, releases, and
75 27 satisfactions to effectuate sales and transfers.

75 28 b. Upon the order of the court in which the receivership
75 29 is pending, the superintendent may sell or compound all bad or
75 30 doubtful debts.

75 31 c. Upon the order of the court in which the receivership
75 32 is pending, the superintendent may sell all the real and
75 33 personal property of the state credit union, on such terms as
75 34 the court shall direct.

75 35 2. All expenses of the receivership and dissolution shall
76 1 be determined by the superintendent, subject to the approval
76 2 of the district court, and shall be paid out of the assets of
76 3 the state credit union.

76 4 3. At the completion of the receivership, the
76 5 superintendent shall file a final report which shall contain
76 6 details of receivership activity and such additional facts as
76 7 the court may require.

76 8 4. a. Upon the submission and approval of the final
76 9 report, the court shall enter a decree dissolving the state
76 10 credit union and discharging the receiver, at which time the
76 11 existence of the state credit union shall cease.

76 12 b. The clerk of the district court shall file and record
76 13 certified copies of the decree with the county recorder of the
76 14 county in which the state credit union has its principal place
76 15 of business and with the county recorder of the county in
76 16 which its original articles of incorporation were filed and
76 17 recorded. A fee shall not be charged by the county recorder
76 18 for the filing or recording of such decree.

76 19 Sec. 71. NEW SECTION. 533.504 TENDER OF RECEIVERSHIP TO

76 20 INSURANCE PLAN.

76 21 1. a. The superintendent may tender to the administrator
76 22 of an account insurance plan approved under this chapter the
76 23 appointment as receiver for an insured state credit union.

76 24 b. If the insurance plan administrator accepts the
76 25 appointment as receiver, the rights of the members and other
76 26 creditors of the insured state credit union shall be
76 27 determined in accordance with the laws of this state and the
76 28 insurance plan administrator shall comply with all applicable
76 29 provisions of this chapter.

76 30 2. The administrator of an account insurance plan as
76 31 receiver shall possess the powers, rights, and privileges
76 32 given to the superintendent as provided by law.

76 33 3. If the administrator of an account insurance plan pays
76 34 or makes available for payment the insured liabilities of a
76 35 state credit union, the administrator shall be subrogated by
77 1 operation of law to all rights of the members against the
77 2 insured state credit union in the same manner and to the same
77 3 extent as subrogation is provided for in applicable laws in
77 4 the case of a closed federal credit union.

77 5 Sec. 72. NEW SECTION. 533.505 SUBPOENA == CONTEMPT.

77 6 1. The superintendent or the superintendent's designee may
77 7 subpoena witnesses, compel their attendance, administer an
77 8 oath, examine any person under oath, and require the
77 9 production of any relevant record during the period of
77 10 examination.

77 11 2. An examination may be conducted on any subject relating
77 12 to the duties imposed upon or powers vested in the
77 13 superintendent.

77 14 3. Whenever a person subpoenaed pursuant to subsection 1
77 15 fails to produce a record or to give testimony as required by
77 16 the terms of the subpoena, the superintendent may apply to the
77 17 district court of Polk county for the enforcement of the
77 18 subpoena or the issuance of an order compelling compliance.

77 19 4. The refusal of any person to obey an order of the
77 20 district court issued pursuant to subsection 1, without
77 21 reasonable cause, shall be considered a contempt of court.

77 22 Sec. 73. NEW SECTION. 533.506 LIMITATION OF ACTIONS.

77 23 1. All causes of action against a state credit union based
77 24 upon a claim or claims inconsistent with an entry or entries
77 25 in a state credit union record or ledger, made in the regular
77 26 course of business, shall be deemed to have accrued, and shall
77 27 accrue, one year after the date of such entry or entries.

77 28 2. An action founded upon such a cause shall not be
77 29 brought after the expiration of ten years from the date of
77 30 such accrual.

77 31 Sec. 74. NEW SECTION. 533.507 FALSE STATEMENTS FOR
77 32 CREDIT == FRAUDULENT PRACTICE.

77 33 A person who knowingly makes or causes to be made, directly
77 34 or indirectly, any false statement in writing, or who
77 35 procures, knowing that a false statement in writing has been
78 1 made concerning the financial condition or means or ability to
78 2 pay of such person or any other person in which such person is
78 3 interested or for whom such person is acting with the intent
78 4 that such statement shall be relied upon by a state credit
78 5 union for the purpose of procuring the delivery of property,
78 6 the payment of cash, or the receipt of credit in any form, for
78 7 the benefit of such person or of any other person in which
78 8 such person is interested or for whom such person is acting,
78 9 is guilty of a fraudulent practice.

78 10 Sec. 75. NEW SECTION. 533.508 FALSE STATEMENTS ==
78 11 PENALTIES.

78 12 1. A director, officer, or employee of a state credit
78 13 union shall not intentionally publish, disseminate, or
78 14 distribute any advertising or notice containing any false,
78 15 misleading, or deceptive statements concerning rates, terms,
78 16 or conditions on which loans are made, or deposits or share
78 17 installments are received, or concerning any charge which the
78 18 state credit union is authorized to impose pursuant to this
78 19 chapter, or concerning the financial condition of the state
78 20 credit union. Any director, officer, or employee of a state
78 21 credit union who violates the provisions of this section is
78 22 guilty of a fraudulent practice.

78 23 2. Any person who maliciously or with intent to deceive
78 24 makes, publishes, utters, repeats, or circulates any false
78 25 statement concerning any state credit union which imputes or
78 26 tends to impute insolvency, unsound financial condition or
78 27 financial embarrassment, or which may tend to cause or provoke
78 28 or aid in causing or provoking a general withdrawal of
78 29 deposits from such state credit union, or which may otherwise
78 30 injure or tend to injure the business or goodwill of such

78 31 state credit union, is guilty of a simple misdemeanor.
78 32 Sec. 76. NEW SECTION. 533.509 PENALTY FOR FALSIFICATION.
78 33 A director, officer, agent, or employee of a state credit
78 34 union, a credit union service organization, or any other
78 35 person who knowingly signs, makes, or consents to another
79 1 person making any false statement or false entry in the books
79 2 of the state credit union or credit union service
79 3 organization, or knowingly signs, makes, or consents to the
79 4 making of any false report regarding a state credit union or
79 5 credit union service organization, or knowingly diverts the
79 6 funds of the state credit union, is guilty of a class "C"
79 7 felony and is forever after barred from holding any office or
79 8 position in a state credit union or credit union service
79 9 organization.

79 10 DIVISION II

79 11 Sec. 77. Section 12C.13, Code 2007, is amended to read as
79 12 follows:

79 13 12C.13 DEPOSIT NOT MEMBERSHIP.

79 14 Notwithstanding chapter 534, the deposit of public funds in
79 15 ~~an association a credit union~~ defined in section ~~533.1~~ 533.102
79 16 or an association defined in 534.102 does not constitute being
79 17 a shareholder, stockholder, or owner of a corporation in
79 18 violation of Article VIII of the Constitution of the State of
79 19 Iowa or any other provision of law.

79 20 Sec. 78. Section 12C.16, subsection 1, paragraph b,
79 21 subparagraph (4), Code 2007, is amended to read as follows:

79 22 (4) To the extent of the guarantee, loans, obligations, or
79 23 nontransferable letters of credit upon which the payment of
79 24 principal and interest is fully secured or guaranteed by the
79 25 United States of America or an agency or instrumentality of
79 26 the United States of America or the ~~U. S.~~ United States
79 27 central credit union, a corporate central credit union
79 28 organized under section ~~533.38~~ 533.213, or a corporate credit
79 29 union organized under 12 C.F.R. } 704, and the rating of any
79 30 one of such credit unions remains within the two highest
79 31 classifications of prime established by at least one of the
79 32 standard rating services approved by the superintendent of
79 33 banking by rule pursuant to chapter 17A. The treasurer of
79 34 state shall adopt rules pursuant to chapter 17A to implement
79 35 this section.

80 1 Sec. 79. Section 12C.17, subsection 1, paragraph c, Code
80 2 2007, is amended to read as follows:

80 3 c. The securities shall be deposited with the federal
80 4 reserve bank, the federal home loan bank of Des Moines, Iowa,
80 5 or the ~~U. S.~~ United States central credit union, a corporate
80 6 central credit union organized under section ~~533.38~~ 533.213,
80 7 or a corporate credit union organized under 12 C.F.R. } 704
80 8 pursuant to a bailment agreement or a pledge custody
80 9 agreement.

80 10 Sec. 80. Section 12C.17, subsection 4, Code 2007, is
80 11 amended to read as follows:

80 12 4. Upon written request from the appropriate public
80 13 officer but not less than monthly, the federal reserve bank,
80 14 the federal home loan bank of Des Moines, Iowa, the ~~U. S.~~
80 15 United States central credit union, a corporate central credit
80 16 union organized under section ~~533.38~~ 533.213, or a corporate
80 17 credit union organized under 12 C.F.R. } 704 shall report a
80 18 description, the par value, and the market value of any
80 19 pledged collateral by a credit union.

80 20 Sec. 81. Section 12C.23, subsection 3, paragraph b, Code
80 21 2007, is amended to read as follows:

80 22 b. The loss to public depositors shall be satisfied, first
80 23 through any applicable deposit insurance and then through the
80 24 sale of securities pledged by the defaulting credit union, and
80 25 then the assets of the defaulting credit union. The priority
80 26 of claims are those established pursuant to section ~~533.22~~
80 27 533.404, subsection 1, paragraph "b". To the extent permitted
80 28 by federal law, in the distribution of an insolvent federally
80 29 chartered credit union's assets, the order of payment of
80 30 liabilities if its assets are insufficient to pay in full all
80 31 its liabilities for which claims are made shall be in the same
80 32 order as for the equivalent type of state chartered credit
80 33 union as provided in section ~~533.22~~ 533.404, subsection 1,
80 34 paragraph "b".

80 35 Sec. 82. Section 15.333, subsection 1, Code 2007, is
81 1 amended to read as follows:

81 2 1. An eligible business may claim a tax credit equal to a
81 3 percentage of the new investment directly related to new jobs
81 4 created by the location or expansion of an eligible business
81 5 under the program. The tax credit shall be amortized equally
81 6 over five calendar years. The tax credit shall be allowed

81 7 against taxes imposed under chapter 422, division II, III, or
81 8 V, and against the moneys and credits tax imposed in section
81 9 ~~533.24~~ 533.329. If the business is a partnership, S
81 10 corporation, limited liability company, cooperative organized
81 11 under chapter 501 and filing as a partnership for federal tax
81 12 purposes, or estate or trust electing to have the income taxed
81 13 directly to the individual, an individual may claim the tax
81 14 credit allowed. The amount claimed by the individual shall be
81 15 based upon the pro rata share of the individual's earnings of
81 16 the partnership, S corporation, limited liability company,
81 17 cooperative organized under chapter 501 and filing as a
81 18 partnership for federal tax purposes, or estate or trust. The
81 19 percentage shall be determined as provided in section 15.335A.
81 20 Any tax credit in excess of the tax liability for the tax year
81 21 may be credited to the tax liability for the following seven
81 22 years or until depleted, whichever occurs first.

81 23 Subject to prior approval by the department of economic
81 24 development, in consultation with the department of revenue,
81 25 an eligible business whose project primarily involves the
81 26 production of value-added agricultural products or uses
81 27 biotechnology-related processes may elect to receive a refund
81 28 of all or a portion of an unused tax credit. For purposes of
81 29 this subsection, such an eligible business includes a
81 30 cooperative described in section 521 of the Internal Revenue
81 31 Code which is not required to file an Iowa corporate income
81 32 tax return, and whose project primarily involves the
81 33 production of ethanol. The refund may be applied against a
81 34 tax liability imposed under chapter 422, division II, III, or
81 35 V, and against the moneys and credits tax imposed in section

82 1 ~~533.24~~ 533.329. If the business is a partnership, S
82 2 corporation, limited liability company, cooperative organized
82 3 under chapter 501 and filing as a partnership for federal tax
82 4 purposes, or estate or trust electing to have the income taxed
82 5 directly to the individual, an individual may claim the tax
82 6 credit allowed. The amount claimed by the individual shall be
82 7 based upon the pro rata share of the individual's earnings of
82 8 the partnership, S corporation, limited liability company,
82 9 cooperative organized under chapter 501 and filing as a
82 10 partnership for federal tax purposes, or estate or trust.

82 11 Sec. 83. Section 15E.43, subsection 1, paragraph a, Code
82 12 2007, is amended to read as follows:

82 13 a. For tax years beginning on or after January 1, 2002, a
82 14 tax credit shall be allowed against the taxes imposed in

82 15 chapter 422, divisions II, III, and V, and in chapter 432, and
82 16 against the moneys and credits tax imposed in section ~~533.24~~
82 17 533.329, for a portion of a taxpayer's equity investment, as
82 18 provided in subsection 2, in a qualifying business or a
82 19 community-based seed capital fund. An individual may claim a
82 20 tax credit under this paragraph of a partnership, limited
82 21 liability company, S corporation, estate, or trust electing to
82 22 have income taxed directly to the individual. The amount
82 23 claimed by the individual shall be based upon the pro rata
82 24 share of the individual's earnings from the partnership,
82 25 limited liability company, S corporation, estate, or trust.

82 26 Sec. 84. Section 15E.44, subsection 4, Code 2007, is
82 27 amended to read as follows:

82 28 4. After verifying the eligibility of a qualifying
82 29 business, the board shall issue a tax credit certificate to be

82 30 attached to the equity investor's tax return. The tax credit
82 31 certificate shall contain the taxpayer's name, address, tax
82 32 identification number, the amount of credit, the name of the
82 33 qualifying business, and other information required by the
82 34 department of revenue. The tax credit certificate, unless
82 35 rescinded by the board, shall be accepted by the department of
83 1 revenue as payment for taxes imposed pursuant to chapter 422,
83 2 divisions II, III, and V, and in chapter 432, and for the
83 3 moneys and credits tax imposed in section ~~533.24~~ 533.329,
83 4 subject to any conditions or restrictions placed by the board
83 5 upon the face of the tax credit certificate and subject to the
83 6 limitations of section 15E.43.

83 7 Sec. 85. Section 15E.45, subsection 4, Code 2007, is
83 8 amended to read as follows:

83 9 4. After verifying the eligibility of the community-based
83 10 seed capital fund, the board shall issue a tax credit
83 11 certificate to be attached to the taxpayer's tax return. The
83 12 tax credit certificate shall contain the taxpayer's name,
83 13 address, tax identification number, the amount of the tax
83 14 credit, the name of the community-based seed capital fund, and
83 15 other information required by the department of revenue. The
83 16 tax credit certificate, unless rescinded by the board, shall
83 17 be accepted by the department of revenue or a local taxing

83 18 district, as applicable, as payment for taxes imposed pursuant
83 19 to chapter 422, divisions II, III, and V, and chapter 432, and
83 20 as payment for the moneys and credits tax imposed pursuant to
83 21 section ~~533.24~~ 533.329, subject to any conditions or
83 22 restrictions placed by the board on the face of the tax credit
83 23 certificate and subject to the limitations of section 15E.43.
83 24 Sec. 86. Section 15E.51, subsection 2, Code 2007, is
83 25 amended to read as follows:

83 26 2. A tax credit shall be allowed against the taxes imposed
83 27 in chapter 422, divisions II, III, and V, and in chapter 432,
83 28 and against the moneys and credits tax imposed in section
83 29 ~~533.24~~ 533.329, for a portion of a taxpayer's equity
83 30 investment in a venture capital fund. An individual may claim
83 31 a tax credit under this section of a partnership, limited
83 32 liability company, S corporation, estate, or trust electing to
83 33 have income taxed directly to the individual. The amount
83 34 claimed by the individual shall be based upon the pro rata
83 35 share of the individual's earnings from the partnership,
84 1 limited liability company, S corporation, estate, or trust.

84 2 Sec. 87. Section 15E.62, subsection 6, Code 2007, is
84 3 amended to read as follows:

84 4 6. "Tax credit" means a contingent tax credit issued
84 5 pursuant to section 15E.66 that is available against tax
84 6 liabilities imposed by chapter 422, divisions II, III, and V,
84 7 and by chapter 432 and against the moneys and credits tax
84 8 imposed by section ~~533.24~~ 533.329.

84 9 Sec. 88. Section 15E.232, subsection 2, paragraph a, Code
84 10 2007, is amended to read as follows:

84 11 a. A nongovernmental entity making a contribution to an
84 12 economic development region revolving fund, except those
84 13 described in paragraph "b", may claim a tax credit equal to
84 14 twenty percent of the amount contributed to the revolving
84 15 fund. The tax credit shall be allowed against taxes imposed
84 16 in chapter 422, divisions II, III, and V, and in chapter 432,
84 17 and against the moneys and credits tax imposed in section
84 18 ~~533.24~~ 533.329. An individual may claim under this subsection
84 19 the tax credit of a partnership, limited liability company, S
84 20 corporation, estate, or trust electing to have income taxed
84 21 directly to the individual. The amount claimed by the
84 22 individual shall be based upon the pro rata share of the
84 23 individual's earnings from the partnership, limited liability
84 24 company, S corporation, estate, or trust. Any tax credit in
84 25 excess of the taxpayer's liability for the tax year may be
84 26 credited to the tax liability for the following ten years or
84 27 until depleted, whichever occurs first. A tax credit shall
84 28 not be carried back to a tax year prior to the tax year in
84 29 which the taxpayer redeems the tax credit. A tax credit under
84 30 this section is not transferable.

84 31 Sec. 89. Section 15E.305, subsection 1, Code 2007, is
84 32 amended to read as follows:

84 33 1. For tax years beginning on or after January 1, 2003, a
84 34 tax credit shall be allowed against the taxes imposed in
84 35 chapter 422, divisions II, III, and V, and in chapter 432, and
85 1 against the moneys and credits tax imposed in section ~~533.24~~
85 2 533.329 equal to twenty percent of a taxpayer's endowment gift
85 3 to an endow Iowa qualified community foundation. An
85 4 individual may claim a tax credit under this section of a
85 5 partnership, limited liability company, S corporation, estate,
85 6 or trust electing to have income taxed directly to the
85 7 individual. The amount claimed by the individual shall be
85 8 based upon the pro rata share of the individual's earnings
85 9 from the partnership, limited liability company, S
85 10 corporation, estate, or trust. A tax credit shall be allowed
85 11 only for an endowment gift made to an endow Iowa qualified
85 12 community foundation for a permanent endowment fund
85 13 established to benefit a charitable cause in this state. Any
85 14 tax credit in excess of the taxpayer's tax liability for the
85 15 tax year may be credited to the tax liability for the
85 16 following five years or until depleted, whichever occurs
85 17 first. A tax credit shall not be carried back to a tax year
85 18 prior to the tax year in which the taxpayer claims the tax
85 19 credit.

85 20 Sec. 90. Section 15I.2, subsection 1, paragraph a,
85 21 unnumbered paragraph 1, Code 2007, is amended to read as
85 22 follows:

85 23 Any nonretail, nonservice business may claim a tax credit
85 24 equal to a percentage of the annual wages and benefits paid
85 25 for a qualified new job created by the location or expansion
85 26 of the business in the state. The tax credit shall be allowed
85 27 against taxes imposed under chapter 422, division II, III, or
85 28 V, and chapter 432 and against the moneys and credits tax

85 29 imposed in section ~~533.24~~ 533.329. The percentage shall be
85 30 equal to the amount provided in subsection 2.

85 31 Sec. 91. Section 252I.1, subsection 4, Code 2007, is
85 32 amended to read as follows:

85 33 4. "Credit union" means "credit union" as defined in
85 34 section ~~533.51~~ 533.102.

85 35 Sec. 92. Section 331.427, subsection 1, unnumbered
86 1 paragraph 1, Code 2007, is amended to read as follows:

86 2 Except as otherwise provided by state law, county revenues
86 3 from taxes and other sources for general county services shall
86 4 be credited to the general fund of the county, including
86 5 revenues received under sections 9I.11, 101A.3, 101A.7,
86 6 123.36, 123.143, 142B.6, 176A.8, 321.105, 321.152, 321G.7,
86 7 321I.8, section 331.554, subsection 6, sections 341A.20,
86 8 364.3, 368.21, 423A.7, 428A.8, 430A.3, 433.15, 434.19, 445.57,
86 9 453A.35, 458A.21, 483A.12, ~~533.24~~ 533.329, 556B.1, 583.6,
86 10 602.8108, 904.908, and 906.17, and the following:

86 11 Sec. 93. Section 421.17A, subsection 1, paragraph c, Code
86 12 2007, is amended to read as follows:

86 13 c. "Credit union" means "credit union" as defined in
86 14 section ~~533.51~~ 533.102.

86 15 Sec. 94. Section 535B.11, subsection 3, unnumbered
86 16 paragraph 2, Code 2007, is amended to read as follows:

86 17 Compliance with sections 524.905, ~~533.16~~ 533.315, 534.206,
86 18 and 536A.20 shall constitute compliance with this subsection.

86 19 Sec. 95. Section 537.2305, subsection 1, Code 2007, is
86 20 amended to read as follows:

86 21 1. For the purpose of discovering violations of this
86 22 chapter or securing information lawfully required, the
86 23 licensing authority shall examine periodically at intervals
86 24 the licensing authority deems appropriate, but not less
86 25 frequently than is required for other examinations of the
86 26 licensee by section 524.217, ~~533.6~~ 533.113, 534.401, 536.10,
86 27 or 536A.15, whichever is applicable, the loans, business, and
86 28 records of every licensee, except a licensee which has no
86 29 office physically located in this state and engages in no
86 30 face-to-face solicitation in this state. In addition, the
86 31 licensing authority may at any time investigate the loans,
86 32 business, and records of any lender. For these purposes the
86 33 licensing authority shall be given free and reasonable access
86 34 to the offices, places of business, and records of the lender.

86 35 Sec. 96. Section 546.4, Code 2007, is amended to read as
87 1 follows:

87 2 546.4 CREDIT UNION DIVISION.

87 3 1. The credit union division created by section 533.103
87 4 shall regulate and supervise credit unions under chapter 533.

87 5 2. The division is headed by the superintendent of credit
87 6 unions who shall be appointed pursuant to section ~~533.55~~
87 7 533.104.

87 8 3. The credit union review board shall perform duties
87 9 within the division as prescribed in chapter 533.

87 10 Sec. 97. Section 602.8102, subsection 73, Code 2007, is
87 11 amended to read as follows:

87 12 73. Certify copies of a decree dissolving a credit union
87 13 as provided in section ~~533.21~~ 533.503, subsection 4.

87 14 Sec. 98. Chapter 533, Code 2007, is repealed.

87 15 Sec. 99. CODE EDITOR DIRECTIVE.

87 16 1. The Code editor shall establish the following divisions
87 17 in chapter 533:

87 18 a. Division I, entitled "administration of Act", shall be
87 19 comprised of sections 533.101 through 533.117.

87 20 b. Division II, entitled "organization of credit unions",
87 21 shall be comprised of sections 533.201 through 533.214.

87 22 c. Division III, entitled "credit union operations", shall
87 23 be comprised of sections 533.301 through 533.330.

87 24 d. Division IV, entitled "merger, conversion, and
87 25 dissolution of credit unions", shall be comprised of sections
87 26 533.401 through 533.406.

87 27 e. Division V, entitled "supervisory actions, limitations,
87 28 and penalties", shall be comprised of sections 533.501 through
87 29 533.509.

87 30 2. The Code editor shall make such other revisions
87 31 throughout the Code to update references to particular
87 32 provisions of the Iowa credit union Act, and such other
87 33 revisions consistent with this Act.

87 34 EXPLANATION

87 35 This bill relates to the credit union division of the
88 1 department of commerce, revising and reorganizing the Iowa
88 2 credit union Act, Code chapter 533. Current Code chapter 533
88 3 is repealed.

88 4 The bill structures the Iowa credit union Act into five

88 5 divisions. The first, administration of Act, groups sections
88 6 with definitions, as well as the creation of the credit union
88 7 division, and management of the division. Provisions related
88 8 to annual fees, records, and examinations are also contained
88 9 in this division.

88 10 Division II, organization of state credit unions, relates
88 11 to the creation and structure of individual state credit
88 12 unions: the creation of articles of incorporation and bylaws;
88 13 the common bond required for credit union membership; policies
88 14 regarding officers, directors, and committees; and membership
88 15 policies.

88 16 Division III provides the details of state credit union
88 17 operations: state credit union powers; capitalization,
88 18 reserves, and investments; insurance; types and operation of
88 19 accounts; loans; safe deposit box policies; and taxes and
88 20 other business regulations.

88 21 Division IV covers merger, conversion, and dissolution of
88 22 credit unions. The actions in this division are primarily
88 23 voluntary acts undertaken by the state credit union in
88 24 changing its business form, though some of the dissolution
88 25 principles also apply to involuntary dissolutions as well.

88 26 Division V includes supervisory actions, limitations, and
88 27 penalties, which include supervisory action by the
88 28 superintendent over state credit unions and directors,
88 29 officers, employees, and committee members; management of
88 30 state credit unions by the superintendent in cases of
88 31 illegality or unsound business circumstances, involuntary
88 32 dissolutions, and receiverships for insured state credit
88 33 unions; and penalties for false statements and falsifications
88 34 in obtaining credit.

88 35 The bill also contains revisions to other sections of the
89 1 Code that refer to particular provisions in Code chapter 533,
89 2 and updates those references according to the new section
89 3 numbers.

89 4 The bill also contains a directive to the Code editor to
89 5 insert formal names for the five divisions within Code chapter
89 6 533, as revised, and to make revisions throughout the Code as
89 7 necessary, in light of the revisions in Code chapter 533.

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89 9 eg:rj/cf/24